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GOVERNOR FRAZIER (CENTER) VISITING NORTH DAKOTA FARMER AND HIS WIFE. (SOD HOUSE IN BACKGROUND)

THE STORY OF THE NONPARTISAN LEAGUE

A CHAPTER IN AMERICAN EVOLUTION

By
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"Business: The Heart of the Nation"
"Stories of the Great Railroads"

Illustrated

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THE STORY OF THE NONPARTISAN LEAGUE

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THE STORY OF THE NONPARTISAN LEAGUE

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THE STORY OF THE NONPARTISAN LEAGUE

CHAPTER I

THE BEGINNINGS OF THE GOLDEN NORTHWEST

ONE night in October, 1919, and I think it was the 19th of the month, five farmers dined at a restaurant in Washington, D. C. It was a good enough place, rather noted for moderate prices and a varied menu, which was why the farmers chose it. They ordered, with design, a dinner of staple viands, and, as it came to table, measured or weighed or closely estimated each dish; so much of bread, so much of potatoes, so much of butter, so much of meat, so much of sugar, and thus to the end.

With paper and pencil they recorded each amount and, at current prices at the farm, the net sum the producer received for each dish they consumed. When all was done, they called for their bill. It was $11.95, exclusive of gratuities.

They made a total of all the items they had entered as they went along, showing what the producer had netted from this. It was 84 cents.

A few nights before the five had attended a meeting of farmers, addressed by a Senator of the United States, three members of the national House of Representatives, and an eminent but migratory statesman out of employment.

These had, with one accord, though in much variety of enthusiastic phrasing, informed the meeting that the farmer was the most important man in the country. Everything depended upon him: the prosperity of the nation, its safety, progress, and greatness. In the scheme of modern society, one speaker had declared, the Farmer was It. He fed all the rest, for on his skill and labor they must live; his patriotic services and sacrifices had enabled the government to wage and win the Great War. Much glory be to the Farmer! And now it appeared the nation once more looked to him for deliverance and help. There was underproduction in our broad land. What was needed was that every farmer, conscious of his responsibilities and important functions to society, should go forth and increase production, and one speaker failed not to adorn his remarks with that highly original thought about the beatitude of making two leaves of grass grow where only one had grown before.

Pained observation was made that the response of the audience to these appeals had not been all that statesmanship could wish. Undeniably the farmers listened with bored weariness instead of proper applause to the eulogies of their greatness and grandeur, and when all was done a hard-fisted and doubtless hard-headed agriculturist from Georgia caused some alarm by asking whether any steps were to be taken to crown the farmer's efforts in the increased production line with any better prices for his product.

Now kindly note. This heretical outgiving from Georgia, being reported, brought forth sharp criticism in many quarters. At the time the cost of living was the highest ever known in the United States. In the view of the city populations, this meant that the farmer was wallowing in ill-gotten wealth; narratives about farmers that had luxurious limousines for theater parties and costly runabouts for shopping tours were favorite reading; and it was felt that the recipients of all these blessings were most ungrateful to suggest any greater tribute. Men inquired bitterly if the farmers wanted to own everything, and harassed housewives referred with feeling to the market price of butter.

And the five that had dined together that night cut from the press a sheaf of such stories and comments, pasted these upon a sheet of ornamental card and centered all with the total of 84 cents as the farmer's share of a restaurant bill of $11.95. Then in mock heroics they repeated the eloquence wherewith they had been baptised a few nights before: "You represent the most important element in human society! You are the sinews of the nation's prosperity! You perform the indispensable service!" singsonging it, and, I grieve to say, mocking the solemn statesmen. "At the rate of 84 cents in about every twelve dollars," added the chorus.

I have no idea that in the succeeding pages I can remove the fixed belief of the dwellers in cities that the farmer of America is becoming clog-footed with wealth, but it has occurred to me that a plain record of the tragic struggles of a large body of American farmers for bare justice and a chance to live, struggles extending over a generation, made against discouraging odds, and still going on, might have some interest as a human as well as a social and political document of facts. And having seen and had some part in most of these activities, I have set down in the following pages my own observations of what was really a characteristic American drama.

For a generation after 1880 two human tides moved in the highways between the Middle Northwest and the older world to the east. One flowed in, full of hope, keyed to the struggle for success in the new country. The other, much smaller but still considerable, ebbed eastward, beaten, crestfallen, and usually ruined.

This was unnatural and illogical; there should have been but the tide flowing in, since the region was virgin prairie, marvelously fertile, well watered, blessed with a healthful climate, and now being settled by enlightened and worthy people; a country smiling with every promise of wealth and open-armed for industry and enterprise. Its business, to be specific, was not one subject to the whims, changing tastes, or even preferences of mankind, for it was the world's greatest granary; it produced in huge quantities Wheat, man's chiefest, indispensable staple, always in demand, never oversupplied. Yet, after a few years the records, though so little regarded, told a melancholy story concerning the region thus almost incredibly endowed. The farm mortgages, increasing out of proportion to the population, were reaching appalling figures. Newspaper advertising columns sometimes teemed with dismal notices of foreclosure. The abandoned farm, which should have been as rare there as the mastodon, was becoming as common as among the exhausted hills of New England. In one drive of forty-six miles in the summer of 1914 I counted seven of them. But abandoned with this difference, that on each the bank had foreclosed its mortgage and the fertile untilled soil now lay there waiting for a new occupant, a new mortgage, and a new struggle against overwhelming odds.

Overwhelming odds? How can they be in a country so manifestly and wonderfully enriched with every advantage?

And here we come upon a series of facts that most of us do not know or habitually ignore, and yet facts that if we stop to think of we shall be of one mind about, for they are of overshadowing importance to us and all our affairs.

Farming ought to be the best business in the world. Truly, as the statesmen said, it is the most useful, serviceable, necessary. By means of it the race lives. All other concerns lead back, soon or late, to the plow and the hands that guide it.

Farming in the United States, of all farming, ought to be the most profitable, for no other nation has such farming resources, with such consuming millions so close at hand.

Farming in the Middle Northwest ought to be the best of American farming, because this endowment there is at its best.

Yet farming, useful, serviceable, necessary, and all that, is not a good business. Farming in the United States does not reflect the

PIONEER NORTH DAKOTA LOG HOUSE

natural advantages of soil and situation, and is, on the whole, a conspicuously bad business. Farming in the Middle Northwest has been, all things considered, the worst business of all.

It is the abnormal conditions in the Middle Northwest that I should dwell on for a moment, for they are the most remarkable and least defensible.

The growing of wheat in large quantities demands of the soil certain salts: potash, nitrates, and so on. When the white man came to it the whole Northwestern country beyond the Mississippi and east of the Rockies was a vast, treeless, and almost level plain. For centuries and up to sixty or seventy years ago this plain was swept in the autumn with fires that turned the dried prairie grasses into ashes.

These ashes, accumulating, year after year, made a black loam, thick, rich, and full of the salts required for wheat-raising.

The Dakotas, North and South, being chiefly prairie, stored the richest of these deposits.

They had, too, another great advantage for successful farming. Settlement started with land free or very cheap; therefore the initial investment was small or nothing. Most of the land was public, and, for settlement, could be obtained free by homestead entry.

At first remote, the region was soon brought to the doors of the rest of the country. Railroads reached it and threaded it up and down.

Observe, therefore, that it produced, with unequaled liberality, wheat, this indispensable necessity of mankind, and had ample facilities to get this staple to the busy hives where men demanded and consumed it. And yet was not this a good business, but a distinctly bad, so that thousands of farmers well versed in their trade failed in the Dakotas and thousands of others were clinging to their acres, fighting with the desperate resolution of men in a doubtful battle, undergoing drudging toil and racking anxieties that they might win no more than a bare existence.

I cite the facts as I found them and knew them and as the somber records reveal them. Dakota means in the Indian language something bright and attractive. In the bitter dramas that were being enacted in a thousand homes there, it came to mean the land of heartbreaking disappointment. City populations knew nothing of this and persisted in a totally different idea of the farming business. We in the cities, paying month upon month increasing prices for flour, or noting in the newspapers something about the soaring prices of wheat, surely believed that the farmer must be prospering and all was well. But while we paid for flour and bread the prices that made us gasp or groan, foreclosure notices became more and more frequent in the Northwestern journals and the farmer saw his chances for success always dwindling before him.

Yet at any time (and here was the bitterness of his case) he could trace back the barrel of flour bought by an Eastern householder, put together the retailer's profit and the wholesaler's, add in the cost of transporting, the cost of milling, the cost of hauling the wheat to the mill, clear back to the day when he started from his farm with that wheat in his wagon, and see that between the price paid by the householder and the money he, the producer, received was a huge discrepancy beyond all allowances and beyond all reason. And he saw plainly also that this discrepancy was what made to him all the difference; that if at any time he could obtain a fair share of the price paid by the householder, farming would not be a hand-to-hand struggle for life, but a business of just compensations.

Feeling more and more the sting of this wrong, it was inevitable that he should revolt against it.

Gradually there had grown up a system of handling the wheat from the farm to the consumer that involved much machinery, needless operations, and stupendous waste. Part of this waste was paid for by the consumer;

the larger part was the burden of the producer and meant to him many things. It meant the reason for the overthrow of the manifest purposes of Providence; it meant why the fertility of the soil was made a worthless asset, why he must toil so long and hard and see other men that never toiled take the fruits of his dense labor, why some such prospect of toil and always toil to small result was all he could see for himself and his children. The outside world never understood his grievance and is yet unaware of it; but fair-minded men that will take the trouble to weigh his complaint will find it founded on at least one hard, undeniable physical fact, as bad for society at large as for the farmer. God made the soil fertile, the farmer's hard work made it bring forth what the world wanted, and then other hands and many of them, having nothing to do with production, came in and seized the fatness of the tilth.

These hands had in the course of time perverted and bedeviled what was in itself one of the simplest of processes. From the farm to the mill, from the mill to the consumer, nothing else was involved; for the purpose of raising wheat was not to give speculation something to play ducks and drakes with, but to supply mankind with the bread by which they lived. But the system that had grown up lined the plain straight road from farmside to dinner-plate with strange devices for taking toll as the wheat went along. Commission men in the market centers juggled it back and forth; "mixing houses" played tricks with it; upon vast complicated machines like gigantic wheels of fortune men gambled in it; railroads levied on it excessive charges for transporting it; a line of middlemen passed it superfluously one to another, each taking a heaping handful as it pursued the tortuous path prepared for it—until at last, a mere specter of the portly bushel it had started, it came to table.

"The farmer raised a bushel and got paid for a peck; the consumer received a peck and paid for a bushel."

As is usually true of such conditions, the strength of the system lay in the great profits it reaped for its beneficiaries. Colossal fortunes were made on the grain exchanges; the power they created spread wide and fortified the system, and the fame of them and the alluring chance of others like them fired men's imaginations and tore up moral codes. There was never a system of ethics that could stand the strain of a great nugget of gold. It was the same way about the grain business. A profit of $100,000 on an investment of a fourth of that amount was easily possible, as we shall see hereafter, in a few days' operation of a reliable "mixing-house"; a "wash sale" of 20,000 bushels of grain between two branches of the same concern was made in half a second with a stroke of a pencil and meant $200 of commissions. It is plain the door was wide open for abuses and in they came, a plenteous throng. Nothing else could have been expected.

Another great bulwark of the system, as finally it came to be, was the force of tradition and habit. Time seems to sanctify some of the rottenest of business expedients, and sanctification breeds new ones from the originals. "Of course, it isn't exactly on the square," grain-dealers have said to me when discussing some practice in their way of trade, "but that is what everybody does and always has done, and you couldn't change it." Even more than that, under the evil witchcraft of profits, men came, as usual, to confuse privilege with right and to contend in the manner of offended virtue against any attempt to change the system that gave them their perquisites, however immoral that system might be shown to be. These things are familiar enough to every person that with any attention has read history. They were not different in the case of the grain business. Profits there, as in other fields of gainful enterprise, produced their own moral standards; and it only remains to remind ourselves that the hardihood and fierceness with which these are upheld are always in ratio to the size of the profits.

For these reasons, the grain exchange came to be in the mind of the Northwestern farmer the symbol of all the wrongs that oppressed him. Grain exchanges were the hives of the commission men, elevator firms, manipulators, speculators, millers, and the rest that in his opinion had formed a combination to take away his money. He saw his wheat go into the exchange a heaping bushel and come out a sorry two pecks and the sight filled him with a rage as blind as the cupidity of the grain broker. There were three of these institutions that he chiefly cursed—the Chicago Board of Trade, the Duluth Board of Trade, and the Minneapolis Chamber of Commerce. But the greatest of these was the Minneapolis Chamber of Commerce, which to the grain grower combined all the evils of all the rest.

Minneapolis, which is in many ways one of the most remarkable and admirable cities of the world, is also the world's greatest grain market. There is a tradition on the Chamber of Commerce that it has been raised to this eminence by the merits of its commission men, but this is an amiable fallacy. It was made a great grain mart by the Falls of St. Anthony in the Mississippi River at its front door, and by the prairie fires that the care-free red man used to start every fall. One produced the power wherewith to grind wheat, and the other the wheat to be ground, and the two erected the market-place that now overshadows the grain-growing world.

As soon as white men came to this part of the world and began to plant it they began also to make use of the enormous motive power of the Falls. After a few years a company of them bought that power outright. This was the initial error from which have come mischiefs uncountable. The Falls were in a navigable stream, the stream was the public's highway, the whole of the stream and the attributes thereof should have remained a public possession, and if they had so remained the grain story of the Northwest would have been very different and infinitely more cheerful.

The new owners of the public's water-power were flour-millers. They built mills at the Falls, the mills attracted wheat to Minneapolis, the burned-over prairies began to increase greatly the wheat output, the fortunate owners of the public water-power made exceedingly good profits and built more mills, and the road for wheat to Minneapolis was fixed and established.

When this was plain enough, the flour manufacturers there founded the Minneapolis Millers' Association, the purpose of which was to establish uniform buying prices for wheat and prevent the loss that followed when one mill bid against another for it. In 1881 the name of this association was changed to the Minneapolis Chamber of Commerce, but it continued to be an organization chiefly of millers and milling interests and the affiliated elevator enterprises.

In 1883 it applied to the legislature and secured a law that conferred upon it remarkable and even amazing powers.

The Minneapolis Chamber of Commerce, by this act, was elevated to the dignity and authority of a trial court,[1] although remaining within the control and observation of its own members. For instance, in arbitrating differences among these members or between a member and an outsider, it was authorized to subpœna witnesses, and swear them exactly as in a court of the state, and the awards of its tribunal in such cases, when filed with the clerk of the district court, had all the validity and significance of findings by the court itself. Yet all the proceedings of this extraordinary tribunal were conducted in secret; neither side was represented by counsel and nothing concerning the trial except the award was allowed to reach even the district court.

In other words, the legislature had erected a new judicial tribunal, affecting the public interests, but immune from public supervision, and had clothed it with the attributes of the Star Chamber.

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[1] See General Laws of Minnesota, 1883, Chapter 123.

Whatever may be alleged in defense of such an anomaly upon this soil, there can be no question of its immediate effects. The control of the Chamber of Commerce was in the hands of the milling interests of Minneapolis; the law now gave into the compass of this control an unlimited power to discipline (or overawe) all the other members. Without chance of appeal or redress, any broker on the Minneapolis market that offended the controlling influences could be dismissed from the Chamber and ruined in his business.[1] The brokers, or commission men, functioned chiefly to buy wheat for the mills. It was the first aim of the mills to get that wheat as cheaply as possible. Laying aside all the other trouble-making conditions we have noticed, and are still to notice, here was clash inevitable between the producers and a chamber so constituted, so controlled, and so armed with absolute and irresponsible authority.[1]

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[1] *Question.*—These court trials, do you have an actual judge in the seats?

Answer.—No; that is provided for under the statutes.

Q.—Of this state?

A.—Yes, sir. If you will look in the book of rules you will be interested at least to see the statute relating to the Chamber of Commerce.

Q.—I understand all these trials, imposing the penalty, execution of the judgment—are all behind closed doors and never appear in the public papers at all.

A.—Yes, sir.

—*Before a committee of the House of Representatives, Legislature of Minnesota, investigating grain exchanges. Testimony of J. J. McHugh, Secretary of the Minneapolis Chamber of Commerce.*

Meanwhile, also, the great profits of the milling interests were accruing as a financial force. The millers owned, organized, or dominated banks. Minneapolis became hardly less of a money than of a wheat market. Capital in great quantities was required to develop and finance the country that was always being settled toward the northwest, and again every fall to perform the indispensable function that is called "moving the crops." Minneapolis was the natural pivot for all these operations. In its rapidly developing financial institutions hundreds of country banks through the Northwest had their depositories when money was in light demand and their well-springs of currency when the crops were to be moved and the local elevators must have money literally in stacks to pay for the wheat they were buying.

This condition produced a concentration of power no less than of capital; it always does. The country banks were to a certain extent at the mercy of the great Minneapolis bank, as in turn the farmer and small-town tradesman were at the mercy of the country bank. The great Minneapolis bank could embarrass or ruin the small country bank by shutting off its currency supplies or refusing deposits. The small country bank could ruin the farmer or tradesman by shutting off his credit. Over the farmer in particular the local bank held a menace usually found enough to cow the most rebellious. It held the mortgages on his farm and often on everything else he owned, and chattel slavery itself could hardly have provided a more perfect subjection.

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[1] The witness quoted above admitted that any member that paid prices for grain not based on the Minneapolis market could be expelled from the Chamber, and without redress.

To placate a financial sovereignty like this was a natural impulse. It will be seen at once that no commands, instructions, nor even, in many cases, direct intimations, were needed; a general understanding that the genius sitting above, with fingers on the pipe of money supply, desired this to be done or thought something else would be good for business—this was usually enough, and could hardly have been otherwise.

But the one great nerve center of the business of Minneapolis was the milling industry. Mill had been added to mill until the daily output reached 25,000 barrels, 40,000 barrels, 60,000 barrels, 80,000 barrels.[1] The long trains of freight-cars, on one side bringing the wheat and on the other side bearing away the flour, stuck out from the city on both sides like the fingers of gigantic hands. All the world looked to Minneapolis for flour and had never known anywhere the development of any industry to the like solid proportions in the like space of time. But the wealth the Minneapolis milling interests gathered so fast spelled, of course, power, and, as always happens, the new power that lay in additional wealth meant more wealth to gain more power to gain more wealth. And as the milling industry overshadowed all others in Minneapolis, it was inevitable, also, that the milling industry should dominate the great banks of the city, which in turn dominated the small banks of the country, which in turn swayed so portentous a power over the farmer and tradesman. If the long freight trains gathering in wheat and carrying forth flour were the fingers of the giant, the mind that moved and commanded all sat in the Chamber of Commerce and the banks were its agents and servitors. For the same men that owned the milling interests owned controlling shares in the banks or dominated the directorates thereof.

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[1] There are twenty-five flour mills with a total daily capacity of 80,460 barrels. In 1915 Minneapolis produced 18,888,801 barrels of flour, said to be equal to 8,000,000,000 loaves of bread or 80 loaves for each inhabitant of the United States.

The natural concern of the milling interests was to keep down the price of wheat.

There was also developed in the Western country at about the same time a third power even greater than these. Hereafter men will never believe the actual proportions to which railroad influence attained in the politics and government of the West; only those that have taken part in the long, bitter, savage, and usually hopeless struggle against this huge power can have any true idea of what it was—and is. To men that dwell in settled regions where the corporation has been awed out of politics, the true story would seem like flaming fiction; to the men of the West that hungered and thirsted to be free it was rigid fact and the absorbing interest of their lives. One may say without the least exaggeration that for many years in most of the Western states popular government was abolished and there was no ultimate authority but the will of a railroad company. Every such company maintained a political department in charge of men that had developed political manipulation beyond any known limits elsewhere, for they had made of it expert and exhaustive study. Having seen these gifted men at work in their own field and the ablest men of Tammany Hall at work in theirs, I unhesitatingly give the palm for excellence to the politician of the Western railroad. Compared with his vast and marvelous operations the work of the Sheehans and Crokers seems but poor and crude.

It has been urged in defense of these conditions that the railroads needed in the beginning a great deal of legislative favor, and, being exposed to legislative raids, they organized for political control that they might save their lives. Observers of man and his complex ways will not ponder much over this theory, knowing something of the magical fascination that lies in great power. The men that swayed the Western railroad companies a few years ago were clothed with a power literally greater than that of any modern monarch, and that fact is enough to explain all.

The great power of the railroads in the Northwest came before long to be closely interwoven with the power of the Chamber of Commerce and the power of the banks. There was first the natural community of interest growing out of the fact that the millers had every day so many hundreds of cars to be hauled; or, in other words, controlled such great quantities of fat business. But more than this, the dominating influences in the mills, the Chamber of Commerce, the banks, and the railroads became after some years practically the same. The railroads came to be owned or directed by two or three groups of New York financiers whose banks were not only in direct touch with the banks of Minneapolis, but exercised over them an always increasing influence as the ownership of all these institutions, whether railroads, mills, banks, or elevator companies, constantly narrowed down to fewer and fewer hands. There was, moreover, this fact becoming more apparent every day, that if the small country bank was dependent upon the great Minneapolis bank, the great Minneapolis bank was dependent hardly less upon the greater bank of New York.

In the presence of all these tremendous powers the farmer of North Dakota seemed like the smallest midget to be filliped about by the thumb nails of giants. Instead of frightening him, the great and almost comical disproportion between himself and the influences he must fight if he was to win free, seemed, in some cases, at least, to stimulate him. It was Jack the Giant-killer in real life; Ulysses defying a new race of Cyclops. A hard-handed farmer in big boots and soiled overalls is not just the typical figure of romance; but if you will follow now the details of his fighting I think you will find him as chivalric as those that went up the slopes of Bunker Hill and possessed of essentially the same spirit.

CHAPTER II

HOW ONE MAN CAME TO WRECK

I CAN show what the resulting conditions meant for the average farmer by citing one example of many that fell under my observation.

About 1899 a young man from my own state of Iowa joined the tide that flowed toward North Dakota, and pre-empted 160 acres west of the Missouri. That is to say, he got the land for nothing on condition that he should build a house on it and live in that house a year. He was more fortunate than many of his fellow-settlers because he had a little money. He had saved about $400, which, in his calculations, was enough to give him a start—on free land. He had also a wife, newly wedded. Both had been reared on farms; they knew the farming business from end to end, or thought they knew it. John Evans, the husband, had even taken a course at an agricultural school and could analyze soils and do the rest of the college stunts.

He bought four horses and two plows. Then he found his money was gone. He was already in debt for what passed for a house he had built on his land. As soon as possible, therefore, he prepared to put a mortgage on his 160 acres and approached the bank in the skeleton of a town five miles away. He had informed himself that the legal rate of interest in the state of North Dakota was 12 per cent., and he thought that about $800 at that rate would fix him so he could get his seed and the rest of the machinery he needed. To his disgust, he found that while the mortgage he was invited to sign up specified 12 per cent. truly enough, it was dated six months back; also that the genial banker demanded a bonus of $50 for executing the loan. This, with the $48 pretended to be due for six months' interest, would leave him with $702 cash in hand, although his mortgage obligated him to repay $800 in five years, and every six months the interest thereon.

Vehement was the protest he made to the banker. That experienced person was bland but firm, and threw into his expressions a certain note of menace not comforting to John Evans's anxious ear.

"You see, Mr. Evans, it isn't my money. If it were I should be glad to let you have it at only nominal rates. But this is money sent to me by Eastern investors and they

TYPICAL NORTH DAKOTA FARM-HOUSE

insist upon these terms. They get them everywhere else in North Dakota, so they demand them of me. That is the reason for predating the contract. That money has been here six months and my customers in the East demand that interest on the money they advance shall begin from the time they send it. But of course you are not obliged to accept these terms, Mr. Evans. If you think you can do better somewhere else, go and try it. There's a bank over at Medusa you might try."

It was ten miles off, he told me, but he was so angered that he resolved to attempt Medusa. So the next day he drove off in the other direction and interviewed another bland banker, to about the same result.

"These are the prevailing rates for money," he was told. "The risk is so great that moneyed men are unwilling to accept it without reasonable compensation."

"But I have one hundred and sixty acres of the best land in the valley," said Evans, "and if I run away the land can't."

"You forget the heavy expenses and the delays of foreclosure," said the banker man, coldly. "Besides, very few of these foreclosed farms realize the principal. But we go here on the basis of take it or leave it. We don't compel any man to make a loan he doesn't approve of."

Evans went out and took counsel with a farmer whose team he saw hitched to the railing in front of the town's one store. He ended by signing up the contract, but he had to wait several days for his money.

This was early in March. He now got his seed and the rest of the machinery he needed; also some pigs to supplement the two cows and the chickens he already had. The land was in good condition; his plowing had been carefully done. He seeded late in April and a month after was hopeful of a good yield.

Meantime a baby had come and the doctor's bill and other expenses, with food supplies and fodder for his live stock, had begun to eat into what the seed and machinery had left of his $702. When the wheat was cut and stacked his money was about gone.

Interest day was close by and he saw that he would never be able to meet it and get through his threshing, so he approached the banker about a loan on the horses and harness.

The banker demurred. The bank did not do that kind of business; first-class loans on unencumbered real estate was its line. But he thought he knew where the loan could be effected and sent him to what was called (by the farmers) a money shark in the next town. The shark made the loan easily enough—at 16 per cent. and an undervaluation of all the chattels.

He now paid the semiannual interest on the $800, nominally 12 per cent. on that amount and really 14 per cent. on the $702 that he had received. The threshers came and must be fed as well as paid for, and he was again in sight of the lee shore when at last he was able to load his wagon with wheat and start for the nearest elevator. It was in the little station town of Jason and bore on its brown front white letters that read, "Arctic Elevator Company."

The elevator man came out, thrust a practiced hand into the wheat, and flipped off, as if by magic, the formula of examination.

"Pretty badly shriveled, ain't it?" he said. "No. 4 is the best I can do for you on that."

"No. 4 nothing!" shouted Evans, hotly. "That's as good No. 1 wheat as you ever saw in your life. Just look at it! Plump, hard, smooth, good color—if that isn't No. 1 there never was any."

"No. 4," said the man. "That's what they hold me down to in Minneapolis. You know if I overgrade this stuff they come back on me. No. 4 is what it will grade for down there and No. 4 is what it will have to be here."

"You're crazy!" said Evans. "You never saw better wheat!"

"Suit yourself," said the man, easily. "You know there's another elevator over there at Brownsville. Why don't you try that?"

Evans told me he had all the time a feeling that it was useless, but he was so vexed that he drove home without selling his wheat and the next day piloted the same load to Brownsville. He said that as he left the precincts of the Jason elevator he saw through the window the manager at the telephone, but did not until later ascribe any significance to that fact.

The next day he drove six miles to Brownsville, where the equally large and imposing elevator bore on its side the words, "Farmers' Grain Company," which struck him with a note of cheer. If farmers were in the grain business they would surely treat other farmers fairly.

The elevator man came out and there followed the same play of sampling the load and rolling wheat about in the hands.

"No. 4," says the elevator man, at the conclusion of this performance. "You see there is so much shriveled wheat in it and so much cockle."

Evans protested as before. "Why, you're lucky to get that!" said the elevator man. "I doubt if it will make No. 4 on the Minnesota inspection. It will probably go in as Rejected and then I'll get hell."

Evans inquired what was the price for No. 4. The man took down a Minneapolis market report. "It was selling at sixty-eight yesterday. And then there is the freight off and the commission—sixty-three cents here."

"I don't see how I can take that," said Evans. "It won't pay me for the seed and hired labor."

"Well, the Creusa people have an elevator over at Cowgill. You might see what you can do over there."

Fifteen miles away that was. Evans said he saw he was in the trap and concluded he might as well surrender.

"But it will be three pounds off for dockage," said the elevator man.

"Rot!" said Evans. "There ain't three pounds of dirt in the whole load."

"Take it or leave it," said the elevator man, "but you'll have to be quick. I see three other loads coming."

So the wheat went upon the scales to be weighed and the next shock Evans received was when the weighing ticket was handed to him. It showed the load to be seven bushels short of his own figures.

The next load he took on a venture to Brownsville, where the Creusa Elevator loomed large across the prairie, and was likewise by name expressly dedicated to the farmers. And here the suave manager attempted to grade the wheat as Rejected and allowed himself as a concession to accept it as No. 4, with three pounds off for dockage.

When Evans got home he did some figuring and the results were not exhilarating. He had planted 140 acres in wheat, which had threshed out thirteen bushels to the acre. At the prices the elevator men were willing to let him have for this he stood to receive $1,134 for his crop. Against that he had to set down for the next twelve months the interest charges he must meet, the cost of living, of help, of feed, of repairs, of lumber for fencing and cattle shelters, of seed; and without allowing anything for the new machinery he knew he must have, or for repairs on the old, anything for doctor's bills or even for shoes for himself or a hat for the wife, the total of these items was more than $1,200.

He saw that without some such good fortune as would amount to a prodigy he was beaten at the game, but after the manner of his kind held on with the idea that luck would change. The next year's crop might be a bumper or prices might soar. Meantime, on the advice of some of his neighbors, what was left of his wheat he sent to Minneapolis to be sold on commission; and, visiting the loan shark again, put a chattel mortgage on his machinery. He was astounded to find that such wheat as the local elevator men had graded as No. 4 was now graded at Minneapolis partly as No. 2 and partly as "No Grade on account of moisture," when he was sure there was no moisture in it when it left him. "No Grade" wheat had to take its chances to be sold on sample. When he had completed this chapter of his experience he found that he had a smaller return than for the wheat he sold outright to the elevator men.

He now broke the remaining twenty acres of his farm and the next year seeded it with the rest. There was too much dry weather that summer and he made an average of only nine bushels to the acre instead of thirteen. The yield generally through the country was smaller than the previous year, but the farmers consoled themselves with the prospect of better prices. Instead of being better the market was worse.

With the utmost difficulty he made the September interest on his mortgage. The following March he defaulted on it. The bank began foreclosure. Then he lost successively his team, harness, and machines to the loan shark, and the following winter he was working for wages on a ranch in Montana and the wife had gone back to Iowa.

But before he was thus ignominiously driven from the field he learned two or three facts that enlightened him greatly as to the causes of his defeat. He learned, for instance, that the "Arctic Elevator Company" of Jason and the "Farmers' Grain Company" of

Brownsville and the "Creusa Farmers' Elevator Company" of Cowgill were all owned by the same persons in Minneapolis. He learned that while he suffered a loss of three pounds in a bushel for dockage all the foreign material taken from his wheat had value and the elevator owners calmly absorbed this value for themselves. And he learned that while this was taken from him without compensation, he had nevertheless paid freight on it to Minneapolis, because the deduction for freight was assessed upon his full load, dockage and all. And he learned to be more than ever suspicious concerning the scales upon which his wheat had been weighed.

Also, one day long after he had been defeated, and when on the farm where he had expended so much labor and money and lost hope another man was struggling with the like conditions, he fell upon a bulletin issued by the North Dakota State Agricultural College, giving the results of scientific experimentation with wheat culture. And he read there that while that year the North Dakota farmers had received an average of 72 cents a bushel for their wheat, the average cost of producing a bushel of wheat in that state that year had been 75 cents. And he saw that the game was hopeless from the beginning. He perceived that the 14 per cent. interest he had paid on his money was a tragic absurdity because the land did not and could not produce 14 per cent. When I saw him, years after all these things had happened, he had still preserved the glowing advertisement that first drew his attention to North Dakota. It was of a land agent and held out a marvelous lure. "I think the idea is to keep the soil under cultivation," he said, "but make sure that nobody gets any of the profits outside of the Chamber of Commerce." He was voicing the growing conviction of hundreds of thousands of farmers facing irreducible facts.

CHAPTER III

THE MAGIC OF THE MIXING-HOUSE—WITH OTHER STRANGE MATTERS

IF he continued in after years to follow this subject, he must have found much to enlighten him as to why he was reduced to be a ranch-hand and his wife to be a waitress in a country hotel.

For instance, he would have found that in 1913 a bill was introduced in the North Dakota legislature to bring down the legal rate of interest from 12 per cent., which it had been for many years, to the modest figure of 10 per cent. This bill was referred (with rare wisdom) to a committee composed of bankers, lawyers, and merchants. They killed it. There was an outcry and at the next session the reduction was actually made —on paper. The legal rate became 10 per cent., but the law was so adroitly worded that loans were still made at 12, 14, and even higher rates. The redress of a borrower that paid more than 10 per cent. was, according to this masterpiece of lawmaking, a suit to recover. But the suit must be brought usually against the local bank to whose favor the farmer must look for his other money advances and to which he must go to get his cash when he had sold his wheat. It was about the last institution in the world with which he would wish to have a legal fight.

There were also other subterfuges. The new law was a jest. I have much understated the facts about it. In 1916, after it had been in operation a full year, Mr. John Skelton Williams, National Comptroller of the Currency and therefore an unquestionable authority, reported that he found 69 of the 150 national banks in North Dakota to be charging 12 per cent. or more on their farm loans.

"About a dozen banks in North Dakota," he said, "reported loans aggregating from $1,000 to $8,000 at rates ranging from 15 to 24 per cent.," and it appeared from his report that in some instances from 28 to 48 per cent. was charged for small loans.

John Evans might also have read with profit the case of Adolph Sundahl of Jamestown, North Dakota, and learned much from that as to laws and their administration when the government is possessed in behalf of interlocked corporations.

Mr. Sundahl was a farmer like Evans. He borrowed $300 on which he must pay an annual interest charge of $40.90. He figured that this was not 10 per cent. as the new law said, nor 12, as the old law allowed, but between 13 and 14, and clearly illegal. He sued, therefore, taking advantage of the blessed privilege allowed him by the legislature, and recovered in the lower court.

The money-lender appealed and the supreme court reversed the finding below and gave judgment to the money-lender on this ground:

Interest on $300 at 12 per cent. is $36, and since the law would allow the bank to deduct this (in advance) the bank could be construed as lending him (Sundahl) this much more ($36) simply because it did not take interest in advance.

Interest on $36 at 12 per cent. is $4.32; interest on this at 12 per cent. is 52 cents, and interest on 52 cents is 6 cents, and the court sustained the banker in extorting this interest.

He would also learn with interest, but probably without surprise, that in these conditions farm mortgages in North Dakota totaled $310,000,000, and were increasing so rapidly that wise men were uneasy about the figures. And he would have read with especial interest the testimony of Olaf Knutson that under the law reducing interest to 10 per cent. he went to his banker with a first mortgage on his farm, and the terms the banker allowed were 10 per cent. interest and 10 per ent. discount on the face of the loan. Also hat when he tried to borrow $80 on his four orses, two wagons, and harness the loan gent demurred on the ground that the ecurity was not enough; so to raise the money e had to sell one of his teams for $400.

Also, if in that first year Evans had followed ll of his wheat from the side-track at his tation to the mill that made flour of it he would have found still more enlightenment.

Take, for instance, the grain that he sent to Minneapolis to be sold on commission. It traveled thither by rail and the first charge that was made against it was the freightage. The railroad company that hauled it had received from the people of the United States such rich land grants that their value more than paid for the building of the road, which became then virtually free gifts from the nation. Next, the company had issued stocks and bonds upon this gift, and on these stocks and bonds, which represented no investment and were constantly increasing in volume, it was paying dividends and interest. To secure the money to pay these dividends and interest on a capitalization that for the most part represented no investment, but only the people's gifts, the company arranged its freight rates so as to obtain the largest possible returns and without the least regard to the service rendered or to its cost. Utterly unjust, untruthful, and sometimes illegal or criminal devices were used to augment this revenue; the pressure of the always-increasing capitalization left no other course open to the managers, no matter how good men they might otherwise be. They, too, had inherited a system and a machine to which they were as much the appendages as the whistle is an appendage of a locomotive and with which they could do nothing except go along and move up the rates as the capitalization soared.

For these reasons the freight charges on that shipment of wheat were exorbitant and absurd. From Jason to Minneapolis, they were, roughly speaking, something like five cents[1] a bushel more than a Canadian grain-grower would have paid for wheat hauled the same distance.

But the wheat arrived in Minneapolis and stood one morning on a side-track. An inspector of the Minnesota State Warehouse Commission now came to examine and grade it. He carried with him an implement resembling a big tin dart. This he stuck into a corner of one car, clicked a spring, and brought up some wheat. He thought he saw moisture in the grain and decided it to be "No Grade on account of moisture."[1] He had a great many cars to inspect that morning, and less than half enough time in which to inspect them.

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[1] Taking as a basis the average wheat production of a North Dakota farm, a toll of five cents a bushel on its produce would amount, in twenty-one years, at compound interest, to $30,000.

Doe & Company, the commission firm to which the wheat had been sent, now took samples of it, put them into neat little tin pans, and the next morning early sent them to the Chamber of Commerce to be displayed.

At 10 A.M. the gong sounds for the beginning of trading on the Chamber. Five minutes before ten an able young man representing the Tidewater Elevator Company had been along the tables, taking note of the good wheat displayed there, and the instant the gong went he bought the Evans shipment on sample at five cents below the market.

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[1] No Grade is good wheat, except that it is said to have a little too much moisture. It is often as good as No. 1 or No. 2, and would so grade if it were drier. Being graded "No Grade" means it must go (by sample) on the table at the Chamber of Commerce and be sold for whatever is bid for it. If there were nothing else, this manifest injustice would be enough to breed revolt in any American community.

Rejected Grade means "dirty or smutty or moldy, or having other grains in it to the extent that it cannot be graded No. 3 or No. 4," and so it is rejected altogether. As noted elsewhere, the other grains when extracted are almost as valuable as wheat.

It may not be necessary, but can do no harm to explain to the uninitiated the basis for and importance of these gradings. As we have seen, the farmer's price is determined upon them. "No. 1 Hard" means wheat of a rarely fine quality, hard and clear, of a certain flintlike appearance and definite color, standing at the top of the market. Next below is No. 1 Northern, No. 2, No. 3, No. 4, according to the appearance and weight of the bushel; followed by Rejected and No Grade. These were the grades in use in the wheat market for more than a generation, though discarded now. Between each grade there was ordinarily a difference in price of from three to fifteen cents a bushel.

One cent a bushel was now assessed against the wheat for this sale. For a reason that Evans never knew and few suspected, the able young man that represented Doe & Company on the floor was quite willing to sell the wheat below the market. It was because Doe & Company were also the owners of the Tidewater Elevator Company. The sale, therefore, was made from themselves to themselves, but the cent a bushel commission was assessed, nevertheless.

The Tidewater Elevator Company now sold the wheat at an advance of one and one-half cents a bushel to the Basota Grain Company, performing no other service to society than what might be involved in making three marks with a lead pencil.

The Basota Grain Company sold it to the Medicus Terminal Elevator Company at an advance of two cents a bushel. Same service, same value. same result.

The Medicus Terminal Elevator Company sent it to its mixing-house, where it presently underwent strange transformations.

If Evans could have pursued the matter far enough he would have found that the Basota Grain Company and the Medicus Terminal Elevator Company were likewise owned by Doe & Company, and that each of these sales also had been from themselves to themselves, the right hand of the institution not knowing what the left was doing, but meanwhile making sure of the one cent a bushel commission added to the price.

Lest I shall be thought extravagant or unfair about this I will refer to the proceedings before the Committee on Agriculture of the House of Representatives, Sixty-third Congress, a hearing on House Bill 14493, providing for the uniform grading of grain; testimony of F. B. Wells, a grain operator of great repute on the Minneapolis Chamber; connected also with one of the greatest of the houses there.

Question.—You are the vice-president of the F. H. Peavey Company?

Answer.—Yes, sir.

Q.—That is a line[1] elevator company?

A.—They are not engaged in the grain business in any way, shape, or form.

Q.—What is it?

A.—It is a holding company.

Q.—Holding what?

A.—Holding stocks of various grain companies in Canada.

Q.—What companies do they hold stock in?

A.—A controlling interest in the Globe Elevator Company of Duluth, all the stock of the Duluth Elevator Company, and hold 95 per cent. of the Monarch Elevator Company.

Q.—What is that?

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[1] A "line" elevator is one in a series or chain of elevators having the same owners and stretched through station after station along some railroad. A company owning such a chain is called, as here, a "line" company.

A.—Country line on the Northern Pacific and Milwaukee. The Duluth is a country line; the houses are principally on the Great Northern and the Monarch on the Northern Pacific.

Q.—Any other line elevator companies?

A.—Not in that territory. They have a few elevators in Nebraska. Then there is the Belt Line Elevator Company, a terminal located in Superior, and the Globe Elevator operates terminals in West Superior, the Peavey Duluth Terminal Elevator Company operating in Duluth.

Q.—Have you any terminals in Minneapolis?

A.—The Monarch Elevator has a terminal; the Republic Elevator.

Q.—How many terminal elevators have you in Duluth?

A.—Three. Not in Duluth, but at the head of the lakes, two in Wisconsin and one in Minnesota.

Q.—How many country elevators are owned or controlled by these different companies, in the aggregate?

A.—Do I understand you mean Nebraska also?

Q.—All of them.

A.—In Minnesota we have 64 elevators owned by the Monarch and Duluth Elevator Companies.

Q.—How many in North Dakota?

A.—About 110—no, I would say about 104; about 6 in South Dakota.

Q.—Nebraska?

A.—Fifty-five, I think.

Q.—Any in Iowa?

A.—Yes, one.

Q.—In the aggregate, about how many country elevators have you?

A.—About 225 or 230.[1]

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[1] Hearing on House Bill 14493, Sixty-third Congress, Testimony pp. 482-83.

It appeared also that this same company had many elevators in Canada, and the leases and intertwinings between its American subsidiary companies and those in Canada were so intricate that even Mr. Wells could hardly explain them.[1]

Or we will listen next to the indubitable testimony of G. F. Ewe, connected with the great Minneapolis grain-house called the Van Dusen-Harrington Company.[2]

> *Question.*—The capital stock of the other companies is owned by the Van Dusen-Harrington Company?
>
> *Answer.*—Yes, sir.
>
> *Q.*—Then the National Elevator Company, the Atlas Elevator Company, Van Dusen & Company, the Star Elevator Company, the Pioneer Steel Elevator Company, and the Crescent Elevator Company are subsidiary companies of the Van Dusen?
>
> *A.*—Yes, sir.

Later the witness added to this list the name of the Interstate Elevator Company as similarly owned.

He said that the thus owned National Elevator Company owned in turn 75 or 80 country elevators (each at a station), in various parts of the Northwest; the Atlas Company owned 75 or 80; Van Dusen Company owned 50 or 60. In a sentence or two this witness acknowledged the ownership of more than 200 of these line elevators, but there were other concerns that exceeded even this number. Incidentally, it was this kind of ownership that explained Evans's identical experience at Jason and Brownsville, and would seem to justify some of his suspicion concerning the man at the telephone. Both of these elevators were owned (under different names) by the same parent company in Minneapolis, and of course both had, and conscientiously worked for, the same object of getting wheat as cheaply as possible.

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[1] Hearing on House Bill 14493, Sixty-third Congress, Testimony, p. 594.

[2] *Ibid.*, pp. 335, 346.

Mr. Ewe's testimony revealed some, at least, of the processes of making money on the Minneapolis Chamber of Commerce to be of a delightful simplicity.

> *Question.*—Suppose you had an opportunity right that day to buy that wheat on the floor from a man who had consigned it to you from the West and for whom you had the right to sell it on commission. You would make the turn and get the commission for the sale and purchase both?
>
> *Answer.*—Yes, sir.[1]

Mr. Wells made this a little clearer.

> *Question.*—Mr. Wells, do you think it is proper for a commission house in the commission business to own subsidiary companies, terminal elevators, and sell to themselves grain consigned to them [on commission]?
>
> *Answer.*—I think so, unless it has absolute instructions to the contrary. I can see no difference.[2]

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[1] Hearing on House Bill 16488, Sixty-third Congress, Testimony. p. [illegible].

[2] *Ibid.*, p. [illegible].

Later he repeated that he could see no impropriety in these practices.

Mr. Ewe's testimony showed that on a certain day (October 28th, to wit) the Van Dusen-Harrington Company had sold 9 cars to its subsidiary companies, and on another day had sold 12 cars to the Star Elevator Company, then 5 more to the same concern, and then 3 cars to the Pioneer Steel Elevator Company, making 18 cars sold that day from itself to itself, or about one-half of its total sales.[1]

James Manahan, at that time a Congressman-at-large of the state of Minnesota, testified that the Minnesota House of Representatives had not long before investigated the subject of grain exchanges and he had been counsel for the committee conducting the investigation. He said that while acting in that capacity he got the sales cards of the Van Dusen-Harrington Company for one day only, and found upon them a sale of five cars to the Pioneer Steel Elevator Company. He continued:

> The next day at the hearing I questioned the manager and he testified that the Pioneer Steel Elevator was a subsidiary company which they themselves were operating under a different name. I showed also by compelling the production on that day of the exact range

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[1] Hearing on House Bill 14493, Sixty-third Congress, Testimony, pp. 462 and 532.

of prices, minute by minute, for which that grade was selling in the pit—I showed that according to that record these five cars were sold at a fraction of a cent—about half a cent a bushel—less than it ought to have been sold for to start with. Because each of these five cars were of the finest wheat that could get to Minneapolis, No. 1 Northern, and was sold by this company to its subsidiary company within seven minutes after the exchange opened—before anybody else had time to get away from their tables to see what they could purchase for their people and to bid for this choice wheat.

A little later the point arose as to the effect of these proceedings upon outside millers, and Mr. Manahan said:

Do the mills down the river get the virgin wheat from North Dakota for which they are paying a commission to this Van Dusen-Harrington Company, or to similar concerns to purchase? No, indeed. When the mills down in the country want to buy wheat, the seller for the Van Dusen-Harrington Company sells wheat—or, to put it in the other form, the purchaser from the Van Dusen-Harrington Company, representing the country miller, another man on the floor of the exchange, goes to the selling agent of the Pioneer Steel Elevator, the terminal elevator company, the subsidiary, and buys five carloads of wheat for the miller down the river, and charges the miller, of course, the regular commission for so doing.

Mr. Haugen, member of Congress.—In that way they get a double commission, do they not?

Mr. Manahan.—Yes, and that wheat that comes out of the terminal elevator, that goes from the terminal elevator to the miller down the river, is not the kind of wheat that goes into the elevator from North Dakota. It is depreciated and doctored wheat.

This is an astonishing statement. What could Mr. Manahan mean by it? "Doctored wheat"—it sounds strange, does it not? So we turn to the records of the terminal elevators or "mixing-houses" of Minneapolis in search of possible information and this is what we find:

In two years these elevators received 15,571,575 bushels of No. 1 Northern wheat, and shipped out in the same two years 19,978,777 bushels of that same grade. That is to say, they shipped 4,407,202 bushels more of No. 1 Northern than they received. At the beginning of the two years they had no No. 1 Northern, so the excess cannot be accounted for on the theory that it was wheat left over. Where did it come from? Wheat is not ordinarily planted and reaped in elevator bins. What then was this mysterious source of production? And we find that in the same period the same elevators received of No. 2 wheat 20,413,584 bushels, and shipped out of that same grade 22,242,410 bushels, or 1,828,826 bushels more than they received. Where did all that wheat come from?

And again a record of twelve months of grain inspections in Minnesota terminal elevators revealed this astounding productivity, in such institutions:

Grade of Wheat	Received (Bushels)	Shipped (Bushels)
No. 1 Hard................	341,567	1,000,493
No. 1 Northern............	10,070,414	16,900,917
No. 2 Northern............	7,341,594	3,976,311
No. 3 Spring..............	1,335,830	444,041
Rejected..................	256,063	134,471
No Grade..................	1,835,551	344,893

This seems to throw some light upon the wand-waving, spell-weaving, incantation, or whatever it is that makes the high grades multiply so marvelously after their kind, for it shows that 5,466,372 bushels of wheat went into these elevators as low grade and came out as high.

In the course of this transformation there was added to their value from eight to twelve cents a bushel. If the farmer could have had this value it would have changed for him the raising of wheat from an unprofitable to a profitable business. But the farmer did not get this value. The owners of the elevators got it and the spreading knowledge of that fact could result only in added bitterness in the farmer's mind. For he had raised that wheat, it was the product of his toil and his hard-won acres; and no sophistries could obscure the fact that if it was No. 1 when it came out of the elevator, it was No. 1 when it went in. Yet he had not been paid for No. 1; he had been paid for Rejected or No Grade, away down at the foot of the market list.

Concerning these facts and the wide prevalence of the system there can be no doubt. It has been testified to many times in many investigations;[1] it has never been denied. We have for it witnesses of unimpeachable veracity: including bankers.

If there be one league or society of business men more conservative and careful than another it is the Bankers' Association. Yet in 1906 the North Dakota Bankers' Association, impressed with the growing discontent of the farmers and aware that the prosperity of the state was the prosperity of its farms, appointed a committee of five to investigate the farmers' complaints. The course of its investigations led the committee to Duluth, where it found the magic of the "mixing-house" or terminal elevator rather more highly developed than even at Minneapolis. It discovered one elevator that in three months had made this record:

Grade of Wheat	*Received (Bushels)*	*Shipped (Bushels)*
No. 1 Northern	99,711.40	196,288.30
No. 2	141,455.10	467,764.00
No. 3	272,047.20	213,549.30
No. 4	201,267.20	None
No Grade	116,021.10	None
Rejected	59,742.30	None
Total	890,245.10	877,512.00
On hand, estimated		12,733.10
		890,245.10

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[1] Sixty-third Congress, hearing before Committee on Rules on H. R. 424; hearing before Senate Committee on Agriculture on McCumber Grain Grading bill, January, February, April, 1906; before the Interstate Commerce Commission, etc.

According to the market prices current at the time, the value of this wheat as it was received at the elevator was $875,405.66, and its value when shipped out was $959,126.35. The elevator's profits by the changes in the grades were $83,720.69—in three months.

There was also the matter of screenings to be accounted for. Screenings are the so-called dirt, the impurities and foreign substances in the wheat for which the farmer has already suffered dockage at his local elevator. On this subject the committee reported:

> The screenings actually taken out of the grain [in this one instance] averaged three-fourths of a pound to the bushel. From our knowledge of the dockage taken at country elevators, and also of that fixed by inspectors at terminal points during the period named, we believe this dockage of three-quarters of a pound actually taken from the wheat to have been very much less than that taken from the shipper or farmer. These screenings sold for about eight dollars a ton. After the dockage of three-quarters of a pound per bushel was taken out, the grain was shipped [from the elevator] as clean grain without any dockage. What an eloquent story is told by the above figures![1]

This, you will remember, is the testimony of grave and sagacious bankers and not the assertions of demagogues or reckless agitators. The eloquence of the story to which they referred is partly contained in the fact that whereas the farmer that raised this wheat was docked two or three pounds a bushel for these screenings, they proved, when actually taken out and weighed, to amount to no more than three-quarters of a pound. Also in the other fact that, although these screenings properly belonged to him, they were calmly seized by the elevator men and sold for eight dollars a ton. The committee further reported on this:

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[1] Before the Interstate Commerce Commission in the Matter of the Relations of Common Carriers to the Grain Trade, pp. 1061–62. The testimony at this hearing was made a public document: Fifty-ninth Congress, Second Session, Document 270.

> We find that all of the dockage or screenings taken from the grain has an actual value and believe the shipper should receive this value. This matter of dockage is one that could so easily be remedied, and the shipper given the benefit of the screenings actually taken from his grain, that the wonder is the present unjust custom of not only confiscating the screenings, but in addition compelling the shipper to pay the freight on them to the terminal point [such as Minneapolis or Duluth] has been allowed to prevail so long.

And as to the point made by Mr. Manahan in his testimony, the committee said:

> We find that the Eastern millers want the grain as it comes from the farmer, and it is an injustice to the shipper as to the miller to prevent this, as is now done. The shipper must accept the inspection rules and customs which have been forced upon him by the powerful combination of elevator and railway interests, and the miller [meaning Eastern miller] must take the grain

that is offered to him by the "grain trust" so-called, and not in the condition as to mixing that he wants it.

Coming from such a source, this testimony as to the "powerful combination" to which we have before referred may be regarded as conclusive.

Besides the profits on the changing grain grades and profits from the sales of screenings, the elevator had still another source of revenue in these transactions. The committee noted that there were also

> the charges for handling the grain and the proceeds of the sale of wheat and other grain taken from the screenings. For we found that all screenings are carefully cleaned over and all good grain taken out, and that the good grain taken from the screenings is shipped out as screenings in order to avoid inspection and appearing in the amount of grain shipped out of the elevator.

We can now begin to glimpse the profits involved and to understand the power they bred.

In one year the terminal elevators of Duluth made this record:

Grade of Wheat	*Received (Bushels)*	*Shipped (Bushels)*
No. 1 Hard	599,602	648,607
No. 1 Northern	15,187,012	19,886,137
No. 2	19,693,454	15,178,999
No. 3	7,055,133	1,971,355
Rejected	892,241	94,626
No Grade	2,561,505	463,922

They shipped out 4,748,130 more bushels of the high grades than they received, and the source of this addition is counterbalanced by the loss of the low grades. The loss to the farmers (and profit to the elevators) on these transformations was more than $400,000.

And I pause to point to the fact that the great world of bread-eaters derived not a cent's worth of value or of service from these tricks. In not one particular was the wheat speeded to the consumer, bettered for the consumer, cheapened to the consumer. Only the trick player and never the community had gain from these jugglings.

Approximately ten million bushels of wheat in Minneapolis and Duluth every year were raised from inferior grades two, three, or four grades to No. 1 or No. 2.

The farmer was paid for Rejected or No Grade; the Eastern miller paid for No. 1 or No. 2. Yet it was largely the same grain. The farmers still insisted that if the grain was No. 1 when it went out of that elevator it was No. 1 when it went in, and of this I have never been able to learn of any valid denial.

In yet another year the same elevators at Duluth made this record:

Grade of Wheat	*Received (Bushels)*	*Shipped (Bushels)*
No. 1 Hard..............	90,543	199,528
No. 1 Northern...........	12,401,897	13,217,789
No. 2..................	10,295,172	6,723,732
No. 3..................	2,616,065	283,299
Rejected................	2,350,202	314,139
No Grade................	2,586,843	256,943

It is evident that 2,000,000 bushels of Rejected and 2,000,000 bushels of No Grade and 2,000,000 bushels of No. 3 were transformed into 6,000,000 bushels of No. 1. Did the elevator do anything to it to change its quality? Nothing except to dry it, if it was wet, and to blow the screenings out of it. Neither of these processes could change its intrinsic quality. If it was No. 1 when it went out it was No. 1 when it went in and the farmers were defrauded on these 6,000,000 bushels of close to $500,000. If it was No. 3 and Rejected when it went in it was No. 3 and Rejected when it went out and the purchasers were defrauded of a like amount. It was no wonder that in a spirit of biting irony a witness before the House Committee cited these facts and then read into the proceedings an account in a Minneapolis newspaper of a grocer's boy in that city that had been sentenced to sixty days in jail for selling a short-weight peck of apples.

The report of W. E. Thompson, chief clerk of the Minnesota Railroad and Warehouse Commission, contains a table showing the amounts of grain received by all the public terminal elevators in Minneapolis for the year ending August 31, 1911. From this it appears that of No. 1 Hard these elevators had received in the year 586,500 bushels, had shipped out 276,484 bushels, and had nothing left on hand. Of No. 1 Northern they had received 15,571,575 bushels, had shipped out 19,976,777 bushels, and had 114,454 bushels on hand. Of No. 2 they had received 20,413,584 bushels, had shipped out 22,242,410 bushels, and had 51,864 bushels on hand. The report showed a total transformation of 6,091,129 bushels of low-grade wheat into wheat of higher gradings. It did not explain the secret of this magic, and had no need to explain it; affidavits could not have made it clearer or more certain. The elevator operators took certain quantities of No. 1 Hard, and mixed it with 4,000,000 bushels of low-grade wheat and called the mixture No. 1 Northern; and certain other quantities of No. 1 Hard,[1] and mixed that with about 1,500,000 of still lower grades and called that hash No. 2.

By this hocus-pocus not only was its value raised to the great profit of the mixers, but all this wheat was now made available for the filling of contracts in future tradings, a matter of vital importance to those carrying heavy speculations on the gambling side of the market.

As to which was the chief loser, the farmer or the buyer, in these extraordinary transactions at the elevators, we have plain enough testimony in the fact that under certain conditions appeals were possible from the gradings made by the state inspectors at Minneapolis. Observe then that all of these appeals were on the ground that the gradings had been too low, and the great majority resulted in the gradings being raised. That seems to tell the story. But appeals were cumbersome, slow, and tedious. Moreover, they availed nothing in the case of the wheat sold at the country elevator, and, practically speaking, they were of little advantage to the farmer.

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[1] Not more than 810,110 bushels of No. 1 Hard could have been involved in both of these transactions; a comparatively insignificant amount.

If we go back now to the adventures of John Evans's wheat on the Chamber of Commerce and connect it with the mystic transformations of the terminal elevators, we shall see the grain industry as it really is in America.

Suppose Evans to have sent five cars of wheat direct to a Chamber of Commerce commission house, Roe & Company, and when the railroad company has had its turn at it and has charged for hauling it far more than the service is worth, the five cars go the usual way. They are inspected and graded, one car, let us say, No. 1 Northern, one No. 2, one No. 3, one Rejected, one No Grade. Roe & Company, as before described, get a sample of each car and before the gong sounds on the exchange that morning one of their agents has sold all five cars to another of their agents operating under another name and charged the usual one cent a bushel commission. The second agent sells the five cars to a third, and the third, maybe, represents a terminal elevator owned by Roe & Company, and sends the wheat to that elevator, whither it might as easily have been sent in the first place.

There the contents of all five cars are poured into one bin, whence, in the course of time, it emerges graded as No. 1 Northern, and is sold for such at the top of the market. This makes the balance-sheet of Roe & Company look like this:[1]

Bought five cars of wheat at 85½ cents, average		$4,275
First commission	$ 50	
Sold same wheat, after mixing, as No. 1, at 91		4,550
Profit on mixing trick	275	
Second commission	50	
Profit by buying under real market, say	25	
Total profit	$500	
Less legitimate brokerage if sale had been made for farmer direct to miller at price the miller paid	50	
Total illegitimate profit, called by the farmer "gouge"	$450	

Or $90 a car. With $8 a ton for screenings to be added.

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[1] It should be noted that these prices are calculated on the market as it was at about the time of Evans's collapse.

Meantime the farmer's account would look like this:

One car No. 1 Northern at 90½ cents.......	$ 905
One car No. 2 at 88....................	880
One car No. 3 at 85....................	850
One car Rejected at 79.................	790
One car No Grade at 75.................	750
Total..................	$4,175
Less commission................	50
	$4,125
Less freight at 16 cents a cwt.........	480
	$3,645
Less switching charges, whether any were actually paid or not............	7.50
Net receipts....................	$3,638.50

If the wheat when he sold it had been graded as it was when it passed out of the terminal elevator he would have received $4,550, less commission and switching charge.

After the Great War began, wheat prices rose, particularly in the seasons when the farmers had disposed of their grain; but labor and the prices of necessaries rose likewise, so that the margin for the farmer, except at rare intervals, remained about the same. In 1917 a group of representative farmers in North Dakota worked out the acre cost of raising wheat as follows:

Seed (1½ bushels at $3)	$ 4.50
Disking	1.00
Plowing	3.00
Harrowing twice	.70
Drilling	1.00
Twine	.35
Cutting and shocking	3.00
Threshing	1.05
Hauling	.25
Taxes	.32
Insurance	.80
Fertilizer	4.00
Interest (8 per cent. on $50)	4.00
	$23.95

This was presently shown to be too low for the run of farms in the state. About that time the government fixed the price of No. 1 Northern at $2.20½ a bushel on the Minneapolis market. The Commissioner of Agriculture of North Dakota estimated $26.56 an acre as the average cost of producing wheat. In times of drought or unfavorable weather, such as North Dakota had in 1917 and 1915, ten bushels average to the acre would be a big yield. On that basis the farmers were losing 40 cents a bushel on the Minneapolis price for No. 1 Northern. But at the local elevator they never received the Minneapolis price, because there must be deducted freight charges, commissions, and all the rest, and, under the grading system that existed, if they raised No. 1 Northern they could not hope to have it graded better than

No. 2, whereas the cost of raising No. 2 was the same as the cost of raising No. 1.

The farmers pocketed their losses and raised the wheat, but it is not remarkable if they felt no burning joy over their balance-sheets. They knew well enough that of every dollar paid by the retail purchaser for farm products not forty cents went to the farmer that grew the products, and when he found the whole burden of the increased cost of living was (in some quarters) laid at his door he knew how huge was that injustice.

Dr. E. F. Ladd of the North Dakota Agricultural College, whose researches in these subjects have made him an international authority, and to whom we shall often have occasion to refer, ascertained that a barrel of flour would make 300 loaves of 14-ounce bread. Supposing a North Dakota farmer to receive an average of $2 a bushel for his wheat in 1917 and 1918, his part in the retail price of such a loaf was 3 cents, while the purchaser paid 8 to 10 cents. Even if the farmer should get as much as $3 a bushel for his wheat and bread remain at the same price, his share in price would be less than 4½ cents.

There is, besides, the item of wheat offal, for which the farmer gets nothing, although it is a source of golden revenue to the miller.

If we put the price of wheat as high as $2.75, consider only what are called "mill feeds," (a

FOOD LABORATORY OF THE NORTH DAKOTA AGRICULTURAL COLLEGE

by-product of milling) and going the limit, say that four and a half bushels of wheat are required to make three hundred loaves of bread. We shall then have this showing:

300 loaves of bread at 10 cents	$30.00
Mill feeds in four and a half bushels of wheat	1.50
Total	$31.50
Four and a half bushels of wheat at $2.75 cost	12.37
Margin	$19.13

It is manifest that here is a huge discrepancy. The bread-eaters are paying far too much; the wheat-growers getting far too little.

It was not the wheat-growers alone that suffered from the abnormal conditions brought about by the system that custom had imposed upon farming. In the darkest days of the Northwest, inspired preachers of the doctrine of patient submission to organized greed were in the habit of urging upon the lowly agriculturist a variation of crops as the real panacea for all this. Investigation has shown that in the regions where there was this blessing in full blast, where the soil was peculiarly fertile, and where all things ought to smile upon the husbandman, the net product of his toil for a year was less than that of a ditch-digger. If this be doubted, I take the actual records and invite comment thereon from sanguine souls that still cling to the notion that the farmers are wading knee-deep in legal tenders. The two counties are in the state of Minnesota; the line "Labor income" means what the farmer had left after all deductions.

	Clay County. Aver. of 56 farms at Hawley. 1915		*Ottertail County. Aver. of 52 farms, Pelican Rapids and Erhard. 1915*	
Receipts:				
Potatoes	$ 476		$ ...	
Wheat	557		742	
Oats and barley	268		...	
Hay and other crops	132		193	
Increase feed-supplies	218		41	
Cream and butter	192		330	
Cattle	207		335	
Hogs	167		334	
Other stock	119		125	
Miscellaneous income	147		51	
Total		$2,483		$2,151
Expenses:				
Labor	$ 353		$ 270	
Machinery, buildings, and fences	147		121	
Feed and seed grain bought	94		86	
Threshing, silo filling, twine	118		87	
Taxes and insurance	116		78	
All other farm expenses	116		70	
Total		$ 944		$ 712
Net income of farm		$1,539		$1,439
Capital: Real estate	$13,468		$10,866	
Live stock	1,614		1,790	
Machinery, feed, etc.	1,016		924	
Total	$16,098		$13,580	
Interest on total capital at 5 per cent		$805		$679
Labor income		734		760

In these conditions it is easy to understand why the farmers regarded with always growing disgust the various efforts of philanthropists and others to inculcate thrift or start movements of "Back to the land!" When a single elevator could in three months, by merely shifting the grades of the wheat it housed, clear a profit thereon of $88,000, and when commission men could easily make $90 a car of illegitimate proceeds at the farmer's expense, it was evident that what was needed was not more thrift, but less larceny. It was also evident that farming would never be anything but hopeless drudgery so long as this system existed. Senator McCumber's estimate of $70,000,000 a year of loss to the Northwestern grain-grower by false grading alone seemed in the light of these facts to be much too conservative. An authority at the North Dakota Agricultural College figured the annual loss to the farmers of that state through the unjustifiable seizure of his screenings at two million dollars. It was but one item in a long list. On every side he was the prey and sport of powerful forces that stripped him, as he bitterly phrased it, to his shirt and his socks. From dockage for dirt that did not exist to charges for switching cars that were never switched, the System, to his mind, was organized against him.

CHAPTER IV

PHANTOM SWITCHING, FALSE BALANCES

BLESSED be investigation. Lexowing and muckraking, much despised at the time, have been the salvation of this country. Nothing helps a bad situation so much as some good competent X-raying. We can have perfect confidence in it for the reason that this is essentially a moral nation; a fact constantly overlooked by foreign visitors and native cynics, but always in emergencies shining forth to confound both. To right any wrong in the United States is, after all, a simple process. You have only to exhibit it where all the people can see it plainly; and to that end a most gracious means is the investigating committee of Congress or of a legislature, providing it is on the level and not more interested in hiding things than in uncovering them. There was never yet a notable muckraking by any such committee that did not result in good.

At an investigation in 1913 of grain exchanges by a committee of the Minnesota

House of Representatives there were disclosed many strange matters, and among them this practice of the switching charge just referred to. News of it was received in some quarters with amazement, and in others with denunciations, as of a thing no better than Mr. Fagin's "kinchin lay." Nevertheless, it had grown to the intrenched condition of a vested right. It consisted of a uniform charge in the settlements between commission houses and their country customers, of $1.50 on each car of grain for the alleged switching of that car. The witness is Mr. J. J. McHugh, secretary of the Chamber of Commerce, and Mr. Manahan is examining him.

MR. MANAHAN.—Here is a custom which I characterise as a fraudulent custom on the part of the Chamber of Commerce, and I am glad to see that Mr. McHugh has too much self-respect to attempt to defend it. I say it is a custom of swindling the shipper. For years, without any regard to justice, the Chamber of Commerce members have soaked the shipper $1.50 in thousands of cases where they did not pay it [the switching charge] at all.

THE ACTING CHAIRMAN OF THE COMMITTEE.—We would like to have this question plainly answered. Do you consider this to be a fraud?

MR. MCHUGH.—I said no. That answers the question. I do not wish to pass upon the general propriety of the practice. I do not think it is a fraud. That is my opinion.

THE ACTING CHAIRMAN.—Will you explain—if the man that ships 100 cars and pays $1.50 switching charges on those 100 cars, and as a matter of fact they are not paid to anybody, don't you consider that this man should be entitled to his $1.50 [a car]?

A.—There I said I don't think the committee should consider me competent to furnish the information desired. It is for the committee to pass upon the propriety or impropriety of any rule we may have. . . . I testified that there is no rule in the Chamber of Commerce that requires the members to charge $1.50 switch. It requires them to charge a switch, not $1.50.

Q.—I ask this question, Can you to-day name us a single instance where you have taken into this private court of yours in the Chamber of Commerce and censured any of your members for charging an illegal switching charge?

A.—I do not know of such a case. Sales are made subject to $1.50 switch.

At another time there was a sharp colloquy between Mr. Manahan, counsel for the farmers, and Mr. Lind and Mr. Mercer, counsel, respectively, for the commission men and for the Chamber. Mr. Manahan produced evidence that every year hundreds of shippers' cars were received and switched by the railroad companies free, but nevertheless the charge of $1.50 was figured in the settlements with the shippers. The origin of the charge was an understanding that when a car was received by a railroad company in Minneapolis and switched to an elevator's side-track, or to another railroad to be shipped out, a charge of $1.50 was imposed by the railroad company. But many railroads had elevators on their own rights of way, and made no charge for switching to these. Some railroads owned tracks into the city from the West and out of the city to the East, and made no charge for switching between these. Nevertheless, the switching charges appeared in the settlement made with the farmer or shipper by the commission house.

Mr. Lind said that the commission men did not get this unjustifiable toll.

MR. MANAHAN.—Who does get it, then?
MR. LIND.—Either the railroad or the millers.

Mr. Manahan said that he meant the money extracted from the shipper when the railroad had made no charge.

MR. MERCER.—It is reflected in the price. It makes very little difference, one way or the other.
MR. MANAHAN.—It makes $1.50 on one-fourth of the cars.

Here the witness that was on the stand at the time, a farmer, broke in to correct Mr. Manahan. He said that when cars were shipped in to be sold on commission the $1.50 was charged on every car.

MR. MERCER.—Now, don't misunderstand me. It is reflected in the price.
MR. MANAHAN.—It is not reflected a bit in the price. In the real sense of the word it is straight graft.
WITNESS.—Of course it is![1]

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[1] Testimony before Minnesota House Committee, pp. [illegible].

When this matter was before the committee of the National House of Representatives, Mr. McHugh again testified about it.

> *Question.*—On a great many hundred cars coming to Minneapolis the Chamber of Commerce has charged the farmers a switching charge without the car being switched at all?
>
> *Answer.*—Yes sir.
>
> *Q.*—Isn't that crooked?
>
> *A.*—I do not think so.

Finally it appeared that so far as the railroads were concerned 91 per cent. of the freight-cars they handled moved free of switching charges and such charges were imposed on but the remaining 9 per cent. Testimony at page 946 of the Minnesota House Committee's proceedings showed that the product of the switching charge unjustifiably levied upon the 91 per cent. of the cars went to the millers and the commission men.

The investigations at Washington and St. Paul had also this definite result, that they removed the last shadow of uncertainty as to the reason for the ceaseless activities of the Chamber of Commerce to maintain every existing condition in the grain trade. For instance, an analysis of its membership showed this rather astonishing result:

Classified List of the Memberships in the Minneapolis Chamber of Commerce:

Line elevators	135
Terminal elevators	39
Commission houses	200
Feed houses	5
Shippers	24
Hay dealers	7
Linseed-oil concerns	13
Millers	50
Maltsters	8
Bankers	8
Capitalists	6
Manufacturers	7
Lawyers	2
Railroad representatives	2
Farmers	2
Insurance agency	1
Total	318

An institution chartered specially by the state as a public market where the produce of the farmer was to be sold; and of 318 members of that institution only two were even classified as farmers, and of these common report said that neither was cultivating anything but a bank-account.

And again here was some of the distribution of memberships, and the full explanation of the nature of the control of the institution lay in that distribution. Each membership in the Chamber carried a vote and any firm or corporation could own as many memberships as it pleased.

Owner	Memberships
Van Dusen-Harrington Company (grain handlers)	21
Washburn-Crosby Company (millers, grain handlers)	24
Big Diamond Mills	10
Pillsbury Flour Mills Company	9
E. S. Woodworth Company (grain)	9
T. M. McCord Company (grain)	9
The F. H. Peavey Company (grain)	8
McCaul-Dinsmore Company (grain)	7
E. L. Welch Company (grain)	7
The Minneapolis banks	8

Sometimes a company, as the Van Dusen Company, for instance, owned memberships under different names, but voted them all.

Statements that revealed the Chamber's conception of itself as a body coequal with the government and not subject to investigation were frequent at all these investigations. Mr. McHugh, the Chamber's secretary, told the committee of Congress:

> The institution [Chamber of Commerce] being a private corporation, there is no reason why its affairs should be published at all, any more than those of any other private corporation.

At the St. Paul hearing dialogues like the following were constantly occurring:

> Mr. Mercer (counsel for the Chamber).—I object to the question on the ground that it is not within the power of the legislature to investigate that.

Mr. Manahan (counsel for the farmers).—We will see if it is within the power.

Mr. Mercer.—This is a private corporation, organized under the statutes, and purely private.

What is equally remarkable is the revelation that the inside control exercised the right to exclude any person, even when armed with a membership, from any actual participation in the management of the Chamber. This is part of the examination of Mr. McHugh, before referred to:

Question.—If a man buys from any individual holder a membership, that does not entitle him to a place on the board or the floor?

Answer.—No sir. Membership in the Chamber of Commerce is a life membership, as in a fraternal order or church.

Another startling revelation was about a matter of such primitive importance in commercial honesty as the false balances, long ago said to be an abomination to the Lord, but subsequently proved to be quite otherwise to the grain trade in North Dakota. There was, to begin with, the fact that in an average year about five hundred thousand bushels of wheat in that state would be taken to the country elevators and apparently never reach any market. Between the farmer's wagon at the elevator side and the final accounting it most strangely vanished, took wings, departed, or marched away. The farmers explained this and other marvels of the trade by accusing the weighing and elevating system then in use. I had better cite here an unimpeachable authority, for I am aware these charges must be viewed with incredulity; men engaged in reputable business resort to no such devices, we say. In 1906 the whole subject of the grain trade in the state was investigated by that committee of the North Dakota Bankers' Association to which I have before referred; it was a history-making inquiry. These grave and reverend business men, the most reputable and conservative in the state, were not likely to report anything that would give comfort to pestilent agitation and still less likely to sanction any comment injurious to existing business practices unless they had proof. Their report says:

> We found that grain is inspected, graded, and the dockage fixed [at the head of the Lakes] by the state inspector under the rules of the Minnesota Grain Inspection Board. The grain is then ordered into one of the terminal elevators and, after being unloaded, is elevated to the top of the elevator, where it is weighed. During the process of elevating all the grain is subjected to a suction draught in order to keep the building free from dust (?)[1] This is an injustice to the shipper, as in our judgment all grain should be weighed immediately upon being unloaded, and nothing should be taken from it before it is weighed. The amount of light grain and dust taken out under the present

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[1] The question-mark is not mine, but the committee's, and seems to be justified.

method simply depends upon the force of the suction draught.

Sometimes that force, men say, was sufficient to blow a pocket bunch of keys from the open palm of a man's hand, held in the air stream. It was here, doubtless, that some of the missing wheat disappeared; for we must not forget that it was on the weight after this process that the farmer was paid. The whole thing savors much of medieval practices, I admit, but there is uncontrovertible proof that it was at least as common in North Dakota in the year 1915, for instance, as was a similar but much less poetic practice in the days of Chaucer. According to that truthful chronicler of the manners of the fourteenth century, the miller maintained a rule that he would steal enough wheat from his customer to make a good cake. At least, Chaucer called it stealing; if he had lived in these days he would have called it, maybe, dockage; which has a much nicer sound, as all must agree. We may also be reminded of the farmer's boy of about the same period that made a comment still embedded in Irish folklore. For the first time in his life he went to the neighboring grist-mill, and when he came back, being asked what he saw that most impressed him, remarked that the miller's pigs were most amazingly fat.

Mr. Benjamin Drake of Minneapolis, who has done much by his painstaking investigations to clear the whole subject of grain manipulation, once gave this testimony before the Rules Committee of the national House of Representatives:

> Another abuse practised by the Minneapolis elevator and milling combine is closely linked with the state system of weighing grain. Under the present system of state weighing two kinds of scales and two distinct methods of weighing are permitted. One consists of weighing the grain in car-load lots upon a track scale. The car of grain is first weighed "heavy" upon the scale. The grain is taken out and the car is weighed empty. The difference between the two weights obtained represents the weight of the wheat in the car accurately and, practically, with no chance of error. This system, according to all information which I have been able to obtain, is not used at more than one-third of the terminal elevators and the great mills of Minneapolis. At the remaining elevators and mills another system is employed which almost always results in a loss of weight to the shipper. Under the practice last referred to the grain is lifted in quantities of perhaps a hundred bushels at a time to the cupola of the mill or elevator, where a small scale is installed. Under this method the grain is usually carried one or two hundred feet from the car. Some of the grain is usually lost to the shipper in the transaction. Sometimes the amount is so small that it is negligible. At other times it is considerable in amount. Aside from the mechanical imperfection of the system it affords considerable opportunity for dishonest manipulation. The method of weighing last referred to is an injustice

to the shipper, which constantly results in loss of his product, and should be abolished at once.

This might be thought to explain where the missing five hundred thousand bushels went to every year; at least the farmers could hardly be blamed if they assumed it to be an adequate light cast upon this phase of the mystery. But upon only a part of it, because Mr. Drake was speaking of the weighing practices at the terminal elevators at Minneapolis, not elsewhere. There was also the weighing operation at the country elevator, and what that was like may be gathered from the fact that when there came to be a state department of grading, weights, and measures in North Dakota, as we shall learn hereafter, official testing of all the scales in use at country elevators revealed 60 per cent. of them to be false or defective.

CHAPTER V

THE HIGHLY INSTRUCTIVE STORY OF THE "FEED WHEATS"

OBSERVERS that have any experience in this world's affairs will see easily enough what was the real source of these complaints.

In the course of years wherein the farmer had been isolated and inarticulate, there had grown up a huge system by which all the normal profits of wheat production were taken by middlemen, and these mostly superfluous or ornamental. As before noted about such cases, this system had existed so long it amounted to an institution. Custom and habit are great matters. Any wrong can be made, by the persons that get rich from it, to look all but sacred; particularly if it can be shown to have existed more than one generation. Our fathers endured it. Shall we be wiser than they? In *Lorna Doone* the outlaws had lived so long upon the surrounding country they spoke of and believed in their right so to live upon it as inalienable, and the people had been so long accustomed to be robbed they were shocked at the suggestion of a life of security. No living man was responsible for the system that had grown up in the grain trade, nor any part of it; in the main, no living man had known anything else; and, like all such things that go uncombated, it had a tendency all the time to get worse. Even the farmers, always smarting under a vague sense of injustice, had never revolted effectively against it, and to a certain extent even helped it along by what was assumed to be an inviting patience.

If the victims did not object, why should anybody else bother?

There was, however, a certain great principle involved in all these matters, a principle coming home to every person that ate bread as well as to the farmers that grew the wheat, and what that principle was we can see better from the next incident in this history.

The Agricultural Department of the United States and similar beneficent institutions in the individual states are continually trying to improve the product of our fields by introducing new varieties of seed or of plant, developed abroad or in our own experimental stations. About twelve years ago there was brought into North Dakota in this manner a new species of wheat that bore the name of "velvet chaff." It proved hardy and well adapted to the region, and the next year great quantities of it were sown.

When it began to reach the Minneapolis Chamber of Commerce, the mysterious Sanhedrin there that determined so many things for the Northwest, held that "velvet chaff" was an inferior product and fixed a price upon it 27 cents below the corresponding grades in other wheats. In one season 30,000,000 bushels of "velvet chaff" passed through the hands of Minneapolis buyers, and at the prices thus arbitrarily fixed for it this quantity represented an abnormal profit of $8,100,000. For "velvet chaff" was in reality one of the best milling wheats ever grown, and the mills that got it for 27 cents a bushel less than they would have paid for similar grades of a different name put it into their best flours[1] and harvested new and unusual revenues therefrom.

Almost the same record with the like illegitimate profits was made upon the introduction of durum, or macaroni wheat, another much-prized innovation of the national Agricultural Department. It is no wonder that after repeated experiences of this kind the Northwestern farmers became cynically doubtful

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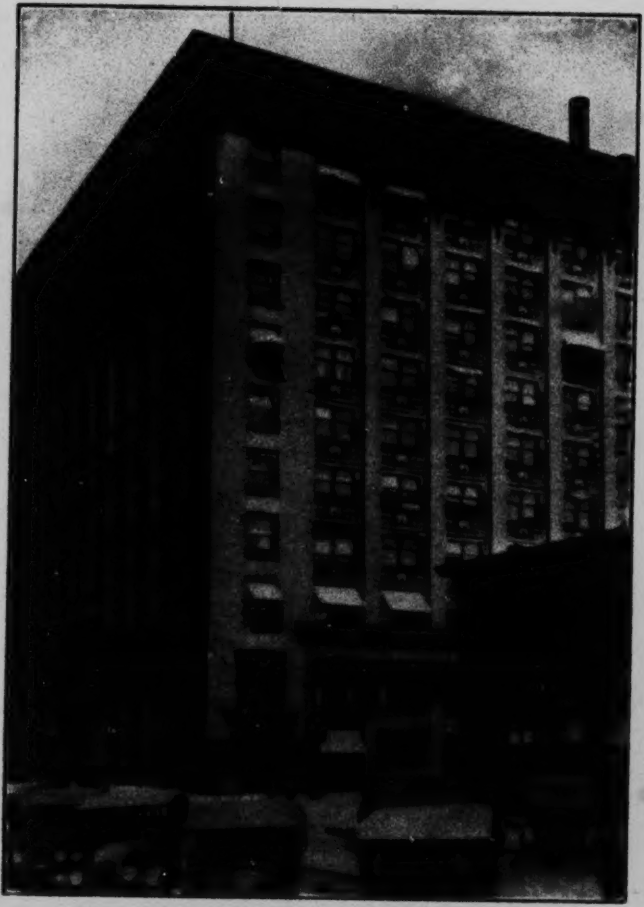
[1] The demonstration of this fact was due to the indefatigable Dr. E. F. Ladd, of the North Dakota Agricultural College, who is surely entitled to be called one of the most useful men of all times or lands. The farmers of the United States can never liquidate their indebtedness to him.



MINNEAPOLIS CHAMBER OF COMMERCE BUILDING

of the value of these departments, which were always, at the public expense, devising and inventing improvements that the Minneapolis combination promptly and easily absorbed for its own greater emoluments.

And I may here remark that while the effort to represent the farmer as dull like the clods in his field is of great antiquity and much celebrated in some forms of literature, the fact is we shall have to abandon that comfortable superstition now. It was not upon unsuspecting yokels that these iniquities were practised, but upon men alert, keen-witted, full of reading, experienced.

In March, 1914, a South Dakota farmer testified before the Rules Committee of the national House of Representatives that in the previous fall he had sold his wheat at his local elevator at sixty-nine cents a bushel on the solemn representations of the elevator man that this was the actual market. He went home with his newspaper under his arm, studied the Liverpool market reports, figured accurately the cost of handling, transportation, commissions, and the rest, and proved that he had been defrauded of seven cents a bushel.[1] Similarly, the bulk of the farmers knew perfectly well the nature of all these transactions. They knew, for instance, that four and a quarter bushels of wheat make a barrel of flour and that at the current prices for the by-products of those four and a quarter bushels such by-products paid milling cost and left the flour almost clear profit to the miller. Here was "velvet chaff" indeed, well worth having! They had also a general notion at least that these gigantic profits were taken up and concealed by huge over-capitalizations and that what appeared to be a modest profit of 7 per cent. on the capital stock was in reality often 28 per cent. or more on the money actually invested. There were even farmers in the Northwest that knew as well as any professor in any chair of political economy (as well or better) what were the relations of this system to the cost of living. They were also familiar with such instances as this, which I take from the investigations of John Kenneth Turner:

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[1] We produce annually in this country about 5,000,000,000 bushels of grain. Suppose the manipulators to take in this manner but one cent a bushel, that would be $50,000,000. Suppose the experience of the South Dakota farmer to be average, that would be $350,000,000 a year taken from the farmers by this process alone, and when to

> On January 15, 1916, at Minot, North Dakota, flour was selling for $7 a barrel. Dividing 4¼ into 7, we have $1.64¾ as the milling value of the wheat of which that flour was made. But take No. 1 Northern, the highest grade of wheat offered at Minot. Did the farmer get $1.64¾ for his No. 1 Northern? He did not. The highest price the mill at Minot would pay for such wheat was the price paid at the local elevator,

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this are added the other practices outlined in these records, of which they are the victims, the total becomes overwhelming and explains all the farmers' difficulties in this fertile and highly blessed land.

which was $1.15. And this price, as will be seen, omits the value of the by-products, and is subject to deductions for dockage and the peculiar ministrations of the scales.

To this pungent example let me add another that to the Eastern mind may seem still more remarkable:

The farmer that grew that wheat must have flour for his household. There is a large and busy mill at Minot grinding such flour. When he went to this mill to sell his wheat he found that he must pay the freight on it from Minot to Minneapolis, for this freight charge was taken from the price he received. From the mill he went to a local grocery store and bought a sack of flour ground there at the Minot mill and from wheat that he and his neighbors had grown, and found that he must pay the freight on that flour from Minneapolis to Minot. Neither wheat nor flour ever journeyed outside of Minot; yet he must pay a freight charge on both.

The buying price of wheat was the Minneapolis price less the freight to Minneapolis; the selling price of flour was the Minneapolis price plus the freight from Minneapolis—on wheat and flour that never saw Minneapolis nor any other place but Minot.

Only a universal belief in the dullness of farmers could suppose that such a condition would last longer than the time required for the farmers to get the power to end it.

And again, grain grades, as I have pointed out, although of basic importance to the farmer, existed solely on arbitrary rulings made by the Minneapolis Chamber of Commerce; the farmer had neither share nor influence in the making of them. It was, Take it or leave it; heads I win, tails you lose; these are the rates. In 1916 the wheat crop of North Dakota suffered from drought, with the result that much of the grain came shriveled to market. Thereupon the Chamber established a new set of grades to meet what was pretended to be a new condition. The shriveled wheat, the dealers declared, was unfit to be ground into flour; nothing could be done with it better than to feed it to live stock, and even at that grave doubt must be entertained as to whether the pigs could eat it. However, the dealers would do the best they could with it, and they made out the following grades:

No. 1 Northern to weigh not less than 57 pounds to the bushel.
No. 2 Northern to weigh not less than 56 pounds to the bushel.
No. 3 Northern to weigh not less than 54 pounds to the bushel.
No. 4 Northern, 53 pounds.
No. 4, 52 pounds.
No. 4 Feed Spring, 49 to 51 pounds.
A Feed, 47 to 48 pounds.
B Feed, 45 to 46 pounds.
C Feed, 43 to 44 pounds.
D Feed, 35 to 42 pounds.

These grades, after No. 4 Northern, were new designations; no one had ever heard of any such thing as "A Feed" or "B Feed." Nevertheless, these innovations, no matter how strange or arbitrary, became instantly as effective as if they had been laws of Congress. At the time the farmers, however they might be wronged in this way, had no redress against such decrees, and an immense amount of North Dakota wheat was graded and sold on these classifications.

Yet the pigs got none of it and none went to fatten other live stock. Subsequent investigation showed that all of the "Feed" grades had substantial milling values, all were ground into flour, and even the despised "Feed D," away down at the bottom of the list, so bad that by a fiction the omnivorous hog was supposed to turn from it, made bread of a quality superior in nutritive content to bread made from the aristocratic No. 1.

All this was demonstrated at the North Dakota Agricultural College.[1] Repeated tests made there showed that 100 pounds of average No. 1 Northern wheat yielded about 69 pounds of flour, while 100 pounds of the lowly "D Feed" yielded 60 pounds of the same class of flour—"not quite so white," says the report of the college's investigations, "but more nutritious and producing larger loaves, since it contains more gluten." From 100 pounds of "A Feed" wheat the college tests produced an average of 63.72 pounds of good flour. Every other grade of "Feed" wheat yielded more than 60 pounds of good flour for each 100 pounds of grain.

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[1] Details may be had from Bulletin No. 119, issued by the college, and from *Wheat: Its Milling Value and Market Value*, by Dr. E. F. Ladd.

It was perfectly plain, therefore, that the new classification was unjustifiable and must cause the farmers great loss. In December, 1916, the ruling prices at which the wheat crop was being bought showed a difference of 79 cents a bushel between No. 1 Northern and "Feed D," which the tests at the college had revealed to be of about the same actual value to the millers. Taking the current prices for wheat and for flour, this table indicates how great that loss was:

Grade	*Price to the Farmer*	*Value to the Miller*	*Gross Profit (Per Cent.)*
No. 1 Northern.......	$1.73	$2.10	21
No. 2 Northern.......	1.70	2.17	27
No. 3 Northern.......	1.62	2.04	26
No. 4 Northern.......	1.45	2.05	41
No. 4................	1.39	2.05	48
A Feed...............	1.29	2.03	57
B Feed...............	1.14	2.03	78
C Feed...............	1.04	2.00	93
D Feed...............	.94	1.99	112

A thoughtful examination of this table will probably suggest a better reason for the introduction of "Feed" grades than the needs or palates of the country's live stock, and with a profit of 112 per cent. on "D Feed" we shall not be astonished that much wheat of that variety passed into the elevators.

Or to make the case still plainer, let us suppose that nine North Dakota farmers grew each one car-load of wheat and these nine cars supplied one car for each of the nine grades. We should have then this showing of the relation of the amount the farmer got for his wheat to the amount the consumer paid for it when it became flour:

Grade	What the Farmer Got	What the Consumer Paid	Farmers' Percentage of Consumers' Price
No. 1 Northern....	$1,562.75	$2,658.47	59
No. 2 Northern....	1,479.01	2,627.11	56
No. 3 Northern....	1,387.73	2,412.90	57
No. 4 Northern....	1,214.45	2,409.24	50
No. 4............	1,156.65	2,415.62	47
A Feed..........	1,034.39	2,330.73	44
B Feed..........	876.05	2,288.48	38
C Feed..........	814.97	2,318.18	35
D Feed..........	653.01	2,107.03	30

Yet on the basis of the actual value of the wheat—that is, on the basis of flour and not of millers' profits—the farmer that received $653.01 for his grain should have had about as much as the farmer that received $1,562.75, for both handed to the miller material for the making of about the same quantity of flour of the same kind.

The farmer that sold No. 1 Northern wheat received 59 cents of each dollar paid by the final consumer; the farmer that sold No. 2 Northern received 56 cents; he that sold No. 3 Northern received 57 cents; but he that sold A Feed received only 44 cents, he that sold B Feed 38 cents, and he that sold D Feed 30 cents, and for these differences there existed not a shadow of reason except that, having the power to take high toll, the milling combination exercised that power.

With all this disposal of the fruit of his industry the farmer had nothing to do or to say. An authority, absolute, irresponsible, unquestionable, fixed the price at which he must deliver his wheat and fixed it wrong. Beyond any doubt, fixed it wrong, for here is the unassailable proof that it was wrong. Wheat worth by test at least $1.50 a bushel in true milling value was sold at 94 cents. For no reason in the world except that a certain abnormal system created fictitious grades and imaginary market conditions and compelled men to accept these fictions.

Doctor Ladd estimated that the loss thus occasioned to the farmers of North Dakota averaged 45 cents a bushel. Wheat crops in North Dakota range from 50,000,000 to 125,000,000 bushels. Supposing the average to be 85,000,000 bushels, this would indicate a loss to the state of $38,000,000. Doctor

Ladd estimated that at the time he made his experiments North Dakota had sold 20,000,000 bushels of the crop of 1916. On this it had lost $9,000,000 on the one account of false gradings, not to mention the other items in this long and dismal balance-sheet.

It would be preposterous to suppose that American farmers would continue year in and year out to submit to such conditions.

Then, again, the process of shipping the wheat to be ground elsewhere was in itself and always must be an injury to the state. Doctor Ladd pointed out that the screenings and by-products to which the farmer was justly entitled and of which he was outrageously deprived totaled every year some bulky items. When the wheat crop of North Dakota was 100,000,000 bushels there would be shipped away with it these by-products:

Screenings	119,700	tons
Bran	351,300	"
Shorts	464,500	"

all of definite value, both in terms of immediate money and for fertilizing through stock feeding. The raising of live stock was developing rapidly in the state and there stood the most amazing fact that when a farmer that was also a stock-feeder had been deprived of these by-products in his own wheat, he was obliged to purchase at high prices the same by-product that had been skimmed from a brother farmer's wheat, if not from his own. It is the contemplation of a few pivotal facts like these that takes away all the mystery from the increase in the cost of living.

Besides the stock-feeding value of these products, we are also to remember that year after year the soil of North Dakota was being impoverished, and so long as the wheat was sent elsewhere to be ground there was no chance that from it any part of the lost fertility could be returned from its own crops. Doctor Ladd showed that the amount of fertility carried out of the state in the by-products of one wheat crop of 100,000,000 bushels was as follows:

Nitrogen	46,018,400	pounds
Phosphoric acid	46,648,780	"
Potash	10,700,820	"
Lime	1,787,980	"

Contemplating this impressive showing, Doctor Ladd wrote these conclusions:

> All of the fertilizing material should be retained in the state and returned to the land. The state can only become great agriculturally and continue its development by promoting such a system as will enable the return of at least a considerable share of this fertility and the marketing of products in the form of beef, pork, mutton, butter, flour, and the finished bread products. To insure this end means the development of the manufacturing agricultural indus-

> tries to the fullest possible utilization of all these products on the farm, in the dairy, in the mill, and in the bakeries, and these industries should be encouraged, fostered, and developed by the state through every reasonable means, so as to insure continued prosperity to all our people and to future generations.

Here was the verdict of science, not of the doctrinaire nor the propagandist; the calm verdict of science viewing evidential facts. We shall have occasion to recur to it as this story progresses; therefore with all possible emphasis I desire to beg attention to it now as the scientific basis for a sequel that any man knowing the American spirit would say was certain.

Science had also another word to say about these matters not less important. The Agricultural College of North Dakota had set up a mill, ground wheat, baked bread, and based its findings about the actual value of Feed wheat and other grades upon the chemical analysis of this bread. At every step it applied infallible tests. It weighed the wheat in delicate scales, weighed the flour that resulted, weighed the by-products, ascertained the exact loss in milling, tested the flour for water absorption, baked the bread and measured the loaf volume in cubic centimeters, applied to each loaf the Howard Laboratory color tests and scale, tested the texture of the bread, ascertained the exact amount required of each grade of wheat to make a barrel of flour, and to the thousandth decimal the value of each 100 pounds of wheat in flour-making. For six years the records were kept. They showed some remarkable results.

Thus, to mention but one, in the market No. 1 Northern wheat was usually quoted at 30 to 35 cents a bushel higher than the grade known as Rejected. Yet in six years the difference between these two grades in actual milling value averaged only 15 cents.

This is an extraordinary fact and I am justified in dwelling upon it for a moment. It means that in those six years, 1911 to 1916, inclusive, the farmers lost in the neighborhood of twenty cents a bushel on all of their wheat that was graded as Rejected, and smaller amounts on all of their wheat that was graded above Rejected up to No. 1 Hard, the top of the grades. This seems so stupendous I had better exhibit it in a table, asking the reader always to bear in mind that the figures of milling value are those reached by six years of scientific research and record-keeping:

Grade	"Spread" or Difference in Price	Ascertained Milling Value by the Bushel
No. 1 Hard............	....	.07
No. 1 Northern..........	5 to 8 cents	2.03
No. 2 Northern..........	4 to 7 "	2.01
No. 3 Northern..........	3 to 6 "	2.00
No. 4 Northern..........	3 to 6 "	1.94
Rejected...............	4 to 10 "	1.88

STATE EXPERIMENTAL MILL AT THE NORTH DAKOTA AGRICULTURAL COLLEGE

This final demonstration leaves the subject perfectly clear. The reason why, when the average cost of raising a bushel of wheat in North Dakota was seventy-five cents, the average price the farmer received for it was seventy-three cents, is now as plain as day. We can see why, with some of the richest soil on earth, farming in North Dakota was an unprofitable business; why there were so many abandoned farms; why the tide of broken-spirited men returning by the trail of Disappointment, beaten from that uneven contest, sometimes equaled that other tide that flowed into it by the highway of Promise; why so much of the world's granary was only a desert waste; why the foreclosure notices crowded the newspapers with their melancholy tales of disaster; why the region that should have been, of all the world, one of the best for farming was one of the worst; why those that remained to face the struggle plodded on without hope or a fair chance in the fight.

I have here before me a summary of these conditions as they actually were. A farmer prepared it, and for all the bitterness in it he found logical and undeniable basis in facts. He wrote:

THE FARMER'S ROUND OF PLEASURE

One dollar and thirty cents a bushel for wheat, and $17 a barrel for flour.

Nine cents a pound for live hogs, and 35 cents a pound for bacon.

Nothing at all for screenings, and $20 a ton for feed made of screenings.

Twelve per cent. interest on loans (with little extra bonuses to boot) and no alternative but to take the gaff.

A cheap cigar a day before election and a stony stare the day after.

Freight rates that prevent farmers from building up industries at home.

Six hundred and fifty-three dollars for a car-load of "Feed D" wheat that brings $1,058 two days later without a kernel touched or changed.

Credit for 15,000,000 bushels of No. 2 Northern that is converted into 20,000,000 bushels of No. 1 after the grain sharks get it.

Having 3,700,000 bushels of wheat graded to him as No Grade turned into Nos. 2, 3, and 4 after the grain combine gets it.

Free speech galore during political campaigns, and taxes to pay for legislation he didn't want the next spring.

It seemed even so to men of disinterested minds that could appraise the situation impartially. The farmer raised the wheat and other men took the profit; other men that never turned a sod nor held a plow nor forwarded a bushel of the wheat, but stood in line to snatch from the bushel as it passed. All along that line it was one story of loss. The farmer lost when he borrowed money at exorbitant rates, when he sold his wheat on fictitious grades fixed against him by a power over which he had no control, when he was docked for impurities that did not exist, when his wheat was hawked about the Minneapolis Chamber of Commerce by parasitical or phantom handlers and unnecessary brokers, when it went to a mixing-house to be hocused and doctored, when it was hauled at extravagant rates by waterlogged railroads, when he was charged for switching that was never done and sales that were never made. And all this supported and buttressed by huge organizations, the huge bank, the huge financial interest, the huge railroad company, the huge milling concern, the wealth, power, politics, social organization of the entire Northwest in one solid enduring league.

Apparently, you might as well go forth to fight ocean tides. Yet there was one little comment almost any man might have made on this that would have greatly changed its aspect. I have often marveled that it never seems to occur to gentlemen engaged in the alluring but dangerous excitements of profiteering. It is that when, on this continent, at least, great masses of men long submit with the fatalistic calm of the Orient to conditions of fundamental injustice the fiber and heart-strings and blood of the race will have been chemically changed. Gentlemen engaged in grasping 112 per cent. profit on every car of wheat they could grade as D Feed never thought of this fact. I think I may say with confidence that they have thought of it since—with considerable pain. But the wholesome time to think of these things is before you perpetrate any D Feed devices. Afterward may be too late, and assuredly it was in this instance, as will be more apparent hereafter.

CHAPTER VI

MAKING A JOKE OF THE BALLOT-BOX

IN the beginning North Dakota was settled chiefly from the Middle West, from Iowa, Illinois, and the like, and by a people serious-minded, almost painfully conscientious, hard-working, and abundantly endowed with the stout virtues of their race. They were prohibitionists on the liquor issue, orthodox in religion, sturdy supporters of public schools, and looking upon their political affiliation as part of their souls' salvation. They brought to North Dakota the conception of the Republican party that prevailed in Iowa after the Civil War when the Republican majority in the state was eighty thousand and a Democrat was viewed as a child of sin. They made North Dakota another Gibraltar for their party; the Democratic function there was largely of a humorous or nominal character.

I do not know how, to one that recalls the Middle West of that time, I can give a better idea of the intensity of the farmers' protest we are now relating than to recall the fact that by 1892 the pious allegiance of the typical North Dakotan to the Republican party was broken, and broken solely because of the sense of wrong under which the farmers labored. The Farmers' Alliance, of historic fame, was an almost spontaneous uprising that swept the West from its political moorings. The outraged American had turned to his natural first weapon. He had organized a political party to right by legislation the injustices that oppressed him. Reorganized into the People's party (quickly changed in common speech into the Populists) this movement once attained to six or seven Senators and a score of Representatives in Congress. In the presidential election of 1892 it achieved what no other third party had done since 1860. It won for its candidate for President electoral votes in six states and caused many a shrewd political observer to stare and mutter. The hopes that it aroused among the farmers were soon disappointed; the absorption of the People's party into the Democratic party in 1896 brought this chapter of our political history to an untimely end; and nothing was left to the complaining farmer but some acrid memories and a lesson.

This was not new, but pertinent. It was to the effect that in this country little can be gained or hoped from a third party in the political field. Many other persons before and since have run headlong against the same stony fact. The people of the United States have settled into the political habit of two parties; nothing has yet appeared powerful enough to turn them in appreciable numbers from this practice, and in our time nothing so equipped is likely. Yet even the Farmers' Alliance was not the first futile lunge of the oppressed agriculturists to get their own political machinery. When the Grange first became formidable in Iowa in 1873 its enthusiastic members made a party of it and carried the state, to the sound of much rejoicing. But the Grange, though excellent in other ways, was never fitted for such activities and two years later the net result of the Grange party was the memory of its well-meant laws that had been repealed and the echoes of loud vituperation from the Eastern press. The railroads had rallied and regained their accustomed sway over the affairs of the state, a sway destined to endure for many years in Iowa, as in all the West, as the strangest of all examples of a practical working autocracy in the midst of a republic.

In the East the Populist movement was met with a barrage of ridicule that in the end made the very name a synonym for a political madhouse. A thousand cartoons representing the typical Populist as a wild-eyed, long-bearded, and unkempt maniac formed in the public mind a distinct, indelible picture answerable to this weird conception. There was nothing in the Populist platform program that to-day any reasoning man would regard as extravagant or more than the moderate expression of a sane conviction; but the movement was largely laughed out of court. The East, having before it always the cartoons and the merry quips of the paragrapher, would have none of it and the reflex of all the ridicule worked in time its full effect even in the West. We might well pause to remark this, for the enemies of the movement that thus compassed its downfall were the Interests that it threatened, and the way it threatened them was that it promised to unseat them from the enjoyment of illegitimate privilege. Hence the cartoons; hence the funny paragraphs; hence the purchased ridicule. There was nothing really funny about a man that sweated from sunrise to sunset at the hardest of all labor and saw the fruits of his work snatched from his grasp by those that worked not nor contributed to mankind anything more than their gracious presence, but the genius of hired humor could clothe even this pathos in a comic garb.

After the collapse of the Populist movement in North Dakota the old political system resumed its functions. The railroads, the great financial interests, the mills, the elevators, and the tremendous power of the Minneapolis Chamber of Commerce worked together in happy accord to maintain that system and extend it. The railroads alone would have been enough to rule the state as the Great Mogul ruled India. They had a political organization better than that of any party. In every county they had their machine erected, articulated, faultlessly working. Farmers, shippers, merchants—the whole community—lived under the railroads' rod. Let the laws of the nation say what they might, the fact always remained that the railroad in the West dominated the social organization. Punishment and rewards, and both unlimited, lay in that power. Farmers that made bold to displease this autocrat found they could not get cars for their live stock or grain; merchants that talked unwisely about their rights found their shipments delayed; independent elevators could get no side-tracks nor cars. But for all those that were docile, well-broken, and judiciously silent the cars came promptly and the shipments suffered no delay, while the nifty pass was at hand to shed a pleasant afterglow upon any useful support. The railroads' political boss, always a clever and usually an unscrupulous attorney, stood guard in every county seat and considerable town. His business was to see that the right man was nominated. To that end he was supplied with practically illimitable resources, and year in and year out he knew nothing but success.

Besides money, organization, influence, and passes, he was provided with another great asset in the party loyalty at the bottom of the heart of every average citizen. To keep the control of the state steadily in the hands of the "better elements" he had only to exercise care about the nominations. So long as the old system of conventions remained, his work was of the easiest. All he had to do was to name the delegates to the township or county convention and see that they were of the right stripe, and then the state conventions invariably ratified whatever choice had been made for the state in the railroad offices at St. Paul. But the final introduction of the direct primary (under a pressure that had become irresistible from the awakened conscience of the nation) changed all this and thereafter the railroad agent was driven, on a much larger and more difficult field, to manipulate the primaries. One of his chief cares was to see that no pestilent demagogues or vile agitators got into the legislature, and so well was his work done the legislature might accurately be described as a place of registration for the decrees of Mr. James J. Hill, president of the Great Northern and many other railroad companies, political and commercial autocrat of the Northwest.

But you are to notice as an important fact that the farmers never acquiesced in these conditions. As a rule they went to the polls and voted their party ticket because that was all they could do, but they never ceased to protest against the intricate pilferings that kept them poor and the political system that kept them in bondage. If you do not like the way things are going under the rule of one party, hop across the street and vote for the other, is the American's recipe for the healing of the nation. The North Dakotans tried that, and all that know them will admit the eloquence of the fact. One year, utterly wearied of the iniquities of the machine as operated through the Republicans, they threw off the yoke and elected as governor an excellent, honest man who was running on the Democratic ticket. But this good man, once in office, found himself powerless to make even a dent on the fortress of existing conditions. The legislature commanded the situation and the legislature, because of the careful attentions of the local railroad attorneys, was of the old type and ever faithful to the corporations.

Meanwhile ingenious minds never ceased to consider the farmer's lot and suggest remedies. Unbiased thinkers were convinced that the citadel of the System preying upon him was the terminal elevator and the terminal market in Minneapolis. Suppose an elevator and a market operated not for private greed, but for the public good, and most of the farmer's troubles would disappear. The only power competent to erect and operate such elevators and such markets was the state. The state had never done such a thing; therefore a certain order of minds familiar in every community was sure the state never could do it. Persons not terrorized by tradition had a different view and the legislature was besought to take the first step to this form of relief.

In all the states as in the nation we have tried to bar the door upon any changes in the Constitution. We would not say that as to chemistry, physics, electricity, biology, astronomy, geology, ontology, etiology, conchology, philology, or anthropology the last word had been said in 1787, but when it comes to government, far more important to us than any of these, we shut ourselves resolutely in the hermitage of the fathers. It was so in North Dakota. Instead of allowing the people to say at once what they wanted to have done about the Constitution they must live under, changes in that sacred document must be reached through long and tortuous approaches. It was like a siege; lines of circumvallation must be drawn, we must have engineers, bastions, and barbicans, if I have the military terms right. The legislature must twice give its solemn approval to the project and then allow the people to say what they thought of it.

Most men conceded that if the state was to go into the business of owning and operating an elevator the Constitution must be changed first, so all the outposts, trenches, and rifle-pits that guarded the Constitution having been safely passed, at the general election of 1912, the question was put squarely to the people of North Dakota whether they wished or did not wish to have their Constitution amended so that the state could build terminal elevators outside of the state boundaries.

On this the vote was:

Yes	56,488
No	18,884

Every county in the state except one voted in favor of the proposal. The one county that showed an adverse vote was McIntosh, where the population is largely of German origin and where 279 persons favored the proposal and 679 opposed it.

This would seem to be mandate enough; the people had voted three to one in *favor of* the project. If this is a country where the majority rules the matter was settled forever.

Nevertheless, the terminal elevator did not begin to rise according to fond expectation. The point was urged that while it might be proper enough under this decision to build elevators out of the state, there was no kind of mandate for state elevators within the state and these were of the only kind that would avail anything, so we were right back where we started.

Thereupon the legislature was besieged again and at the general election of 1914 a new amendment was submitted authorizing the state to build and conduct elevators anywhere, within the state or without it. On this the vote was:

Yes....................	51,507
No.....................	18,483

As before, every county in the state voted "Yes" except McIntosh, where 317 persons voted in favor of the project and 411 against.

Relief was now believed to be in sight. The people had voted twice. The people rule or our democracy is a farce. What more could anybody ask?

At the next session of the legislature an act was passed levying a special assessment for the building of the structure the people demanded, and the State Board of Control, an institution that then had charge of all the state property, was instructed to prepare the necessary plans.

Nevertheless, the walls of that structure did not rise. Instead, the Board of Control spent the assessment in traveling around the state and in publishing a six-hundred-page report showing that a terminal elevator was unnecessary.

To reach this discovery it had summoned the assistance of mighty minds, and these quickly showed that when the people voted twice for terminal elevators they did not know what they were about. The existing system provided all the elevation needed and was, in fact, quite admirable and efficient, if viewed in the true light. But the legislature had not authorized the Board of Control to seek this advice nor to heed it; the people had never contemplated any advice taken from any source. So far as the record went the board had no shadow of right to do anything except to prepare plans and start the building. It did neither, but betook itself to showing, with the aid of outside counsel, how inferior and defective was the judgment of the people.

And who were these eminent counselors that thus obliged with wisdom's winged words?

Mr. James J. Hill, Mr. E. P. Wells, Mr. Julius Barnes.

Mr. James J. Hill was at that time the president of or controlling factor in the Great Northern, the Northern Pacific, the Chicago, Burlington & Quincy, the Colorado Southern, and other railroads, the greatest power in Northwestern politics, member of one of the great controlling groups in the nation's finance, interested in banks, elevators, and the maintenance of everything as it was, the political boss (by reason of his railroad resources) of six states, the man above all other men that the farmer had to fight at the polls.

Mr. E. P. Wells was one of the most prominent and successful operators on the Minneapolis Chamber of Commerce, and president of three institutions that for peculiar reasons were obnoxious in the minds of the farmers. These were the Russell-Miller Milling Company, which operated mills at Minneapolis and elsewhere through the Northwest, the Dickey Investment Company, and the Electric Steel Elevator, a terminal warehouse at Minneapolis.

Mr. Julius Barnes was a successful operator on the Duluth Board of Trade and had much repute as a grain-exporter.

On the advice of these gentlemen, not one of whom was a resident of North Dakota, the Board of Control reported that a state elevator, twice voted for by the people, was not necessary.

Thereupon the legislature repealed the tax that had been levied to provide the fund to build the elevator. Of course, if Mr. Hill and Mr. Wells and Mr. Barnes said it was not necessary, what was the use of keeping the tax?

But the farmers looked upon these developments without the least enthusiasm for them. To their simple, untutored minds a vote of the people was a vote of the people and the highest law of the land, and they were not willing to admit that the office of president of a railroad conferred upon the holder the privilege of vetoing the verdict of the ballot-box. On Friday, February 19, 1915, a delegation of them gathered at Bismarck, the state capital, and petitioned the legislature that it should proceed to carry out the will of the voters, twice expressed in the required American way. By a vote of sixty-four to forty the House of Representatives refused to accede to this request and a member, reporting the facts to the delegation of farmers, genially advised them to go home and slop the hogs.

Every farmer in that delegation, every farmer in the state, knew perfectly well that at the next general election he would be invited to choose between voting for a candidate of the railroads nominated on the ticket of his party and a candidate of the railroads nominated on the ticket of the opposition party, equally controlled. Every farmer in that delegation, every farmer in the state, knew perfectly well that the Interests that rode the state and domineered it laughed at him and his impotence and believed they were settled in the seats of power forever. Every farmer in that delegation, every farmer in the state, knew that the same Interests that controlled (and corrupted) the politics of the Northwest were the Interests that maintained the fraudulent gradings, the fraudulent scales, the fraudulent tradings back and forth, the frauds of the mixing-house and the doctoring bin; that because of these impositions the farmer was kept poor; that a part of the money thus wrested from his grasp was the very money that defeated the will of the people at the polls and made democratic government in America a farce. Knowing all these things, what then would you expect?

CHAPTER VII

THE CRUSHING OF THE FARMERS' EXCHANGE

MEANTIME, there had been desperate efforts to win relief by combinations and maneuvers on the economic field, no less. Many acute observers held that this was the true way to emancipation; for what power can hope ever to overcome in politics the resources of great railroads backed by great banks? But, they argued, when all is said, the fact remains that the farmer feeds the nation and in that has a latent power greater than the power of politics, if he will but use it.

You must understand, of course, that North Dakota was not the only sufferer from evil conditions. The whole of Agricultural Northwest groaned under them. It is very much the custom to accept at par value both the reputations and the theories manufactured for us by a persistent but inspired propaganda. If this informs us for a long enough time that a certain man is or was a great "Empire Builder" we accept the good news with gladness and in the end come to regard the discovery as our own and always without a thought as to the truth of it. Similarly it became in some quarters the custom to ascribe the growth of the Northwestern country to the railroads, as if they had put the fertility into the soil or created mankind's appetite for bread. The railroads truly brought the settlers into the region and took their products out, but the toll exacted for the service was far beyond its value, was never expressed in rate sheets and never really known in its exactions except to those that toiled under it with heavily bowed shoulders. What the Northwest would have been with fair freight charges was the real consideration but nobody with propaganda ever exploited that. Why farming was unprofitable in this prolific region was deemed a mystery; yet freightage had its due, though always obscured, place. The farmer planted, God gave the increase, and excessive railroad rates, swarming middlemen, and primitive distribution took up the best of it.

So the economic field became for a time the favorite adventure, and societies or combinations of farmers formed for mutual defense undertook to resist the above dispensation. The histories of some of them were tragic—a few unselfish men struggling hopelessly for a cause of the Common Good against a gigantic and ruthless power that trampled over them and left them crushed and ruined.

One of these enterprises was the Minnesota Farmers' Exchange, incorporated in 1908. A handful of farmers in Clay County, Minnesota, was in this situation that each of them had drudged away the better part of his life, arising early and laboring late, to face at last the fact that now, past the middle term of life, he had nothing to show for it all except his two hands and the stretch of prairie soil with which he had started. The annual disappointment, it is to be supposed, had become too much—every year planting the seed, rearing the harvest in hope and selling it, as if on a careful calculation, for just so much as would keep the family alive. They read the papers; they knew what dazzling fortunes other men made out of the farmers' toil while they that toiled won for themselves nothing but life on its hardest terms. They had children growing up around them, and for these the only promise was a similar life of hardship and toil for the building of other men's fortunes.

Day after day they read in their newspapers reports of the markets upon which were based the prices they received for their produce, and could not fail to be instructed by the reading—accounts like this, of a day on the Minneapolis Chamber of Commerce, for instance:

Chicago quickly turned strong. This firmness seemed to be due there to scalping operations of the professionals, and when these stopped buying and started to sell, the price gave way and dropped 1½ cents in ten minutes.

They read this and they knew that every time the professional scalpers in Chicago "stopped buying and started to sell" that meant just so much out of their pockets if they tried to sell wheat in Clay County, Minnesota. Or they noted comments like this:

Strong selling pressure halted a sharp rally in wheat prices after a steady opening to-day. The market scored fractional gains a few minutes after the start, but dropped when bears threw considerable wheat on the market.

Or this:

Minneapolis December opened ⅛ to 1⅛ stronger this morning, not because there was anything bullish in the overnight news, but seemingly either because sentiment in the pit was bullish or traders were afraid of the selling side.

Or:

Chicago opened higher, probably because there were a lot of scared shorts in the market—traders who went over the holiday short and were alarmed by the strength here and in Winnipeg yesterday.

Or:

There was no pressure on the Minneapolis market and traders did not hesitate to buy it on easy spots caused by the weakness in Chicago.

FARMERS' EXCHANGE COLLAPSES

Or:

As has been said several times in this column of late, the fluctuations are caused mainly by the operations of professional traders.

These things they read all the year around and then contemplated the immensity of the falsehood that the prices of their produce were subject to demand and supply or to any other influence except that of the manipulators and speculators for whose benefit the farmer arose early and labored late.

These men, moreover, had read books about the economic struggle elsewhere. They had read about the great co-operative movement in Europe, the inspiring record of the Rochdale pioneers, the marvelous story of life remade for the farmers of Belgium and Italy by the simple achievement of combining their forces. They knew that co-operation had the indorsement of all sociologists as scientifically sound and humanly useful. It seemed to them as feasible in Minnesota as in England or France. Their grain was sold in a public market chartered by the law of their state. All that was needed was that grain should be handled on that market so as to deliver it straight from producer to consumer and both would share in the great saving that would result.

About a dozen of them, impressed with this view, came together, put in a little money, pledged their credit for a little more and launched their Farmers' Exchange to market grain on the co-operative principle.

They believed that on the Minneapolis Chamber of Commerce they would have the same right of access as any other persons, not being able, I suppose, to conceive of a private public market. They therefore purchased a membership on the Chamber of Commerce and prepared to do business, advertising for consignments of grain.

But as soon as they attempted to enter the Chamber for this purpose they were astonished to find that their membership was practically worthless, for it could be annulled if the directors were pleased to annul it.

They applied to the board of directors for that body's sanction of the membership they had bought. A long delay ensued. As to what happened next I feel I should quote the sworn testimony, because the story is so remarkable no mere assertion would seem to be adequate. The secretary of the Farmers' Exchange of Minnesota was Mr. George E. Case of LeSueur County, and under oath Mr. Case says:

> We [the Exchange] asked if we could meet the board of directors of the Chamber of Commerce. They told us we could. We asked them to appoint a time, and they set a time that we could meet the board. We

went over there as a board. After meeting—part sat on one side of the table and part on the other—I think Mr. Major asked if they objected to the man that would represent the Farmers' Exchange on the board. He has a membership [in the Chamber of Commerce]. They said no, not at all; that he had been there in good standing nine or ten years, and they had no objection to him as a man.

I remarked, "I suppose it is our financial condition," and if that were the case, if they would state the amount of money necessary for us to place in the treasury so that we would be considered responsible financially—if they would name that amount, if that was the objection, if we could not place that amount in the treasury we would not ask them further for a seat on the Chamber of Commerce.

They said it was not a question of finance. I said: If it is not a question of finance or of the man that represents us on the board [floor of the Chamber] what is the trouble?

Interstate Commerce Commissioner Prouty.—What did they reply to that?

Mr. Case.—I have not had a reply.

Mr. Marble (counsel for the Interstate Commerce Commission).—You have not yet succeeded in getting that membership?

Mr. Case.—No sir.

Mr. Marble.—Is it practicable for you to sell cash grain in this market without selling it through the Chamber of Commerce?

Mr. Case.—No.

. . . .

Mr. Koon (of counsel for the Chamber of Commerce).—Is it not a fact, Mr. Case, that your institution to-day is bankrupt, that you have lost your capital?

COMMISSIONER PROUTY.—I do not think we will require Mr. Case to answer that question unless he wants to.

MR. CASE.—I will state this, your Honor, that if we had the money placed in our treasury that was taken out of there to pay for grain that was turned into the Chamber of Commerce (and we did not get our money back), we would be in much better shape.

MR. KOON.—You mean commissions, Mr. Case?

MR. CASE.—No. Grain turned in to members of the Chamber of Commerce and we did not get our money back.

MR. KOON.—Somebody was a defaulter?

MR. CASE.—I state the case. You may draw your inferences.[1]

The farmers never received any answer to Mr. Case's question. No response was made to the proposal to deposit any given amount as security, no statement of any reason why farmers should not be admitted to a market where they sold all their produce. But after a long time they received this illuminating epistle:

CHAMBER OF COMMERCE,
MINNEAPOLIS, MINN.,
July 18, 1906

MR. L. K. KEYES,
Secretary, Minnesota Farmers' Exchange,
Corn Exchange Building, City.

DEAR SIR,—Your application for corporate membership for the Minnesota Farmers' Exchange was considered by the board of directors of the Chamber of Commerce of Minneapolis at a meeting yesterday, July 17, 1908, and the application was not granted.

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[1] Before the Interstate Commerce Commission. *In re* Relations of Common Carriers to the Grain Trade, testimony, p. 982.

Yours truly,
G. D. Rogers,
Secretary.[1]

This is all the information on the subject ever officially vouchsafed to the farmers. A disapproval of a membership was almost unknown in the history of the Chamber. Why was it recorded in this case? If the seat had been transferred from one broker to another, or from a broker to a firm, a corporation, or milling company, however new or of whatsoever shady repute, there would have been, in all probability, no hesitation about it. Such things had been done time and again. As to why there was objection in this instance, when all the farmers backing the Exchange were well known to be responsible and of good standing and when they offered to make a deposit to cover any possible loss, the directors remained mute. It was doubtless as well that they did, for on the floor of the Chamber no mystery was made of the affair. The farmers were excluded from the market, where their own grain was sold, because they were trying to do business on the co-operative basis and for the Common Good, and the brokers saw in that a threat against their privileges and goodly takings.

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[1] Before the Interstate Commerce Commission. *In re Relations of Common Carriers to the Grain Trade*; testimony, p. 968.

But there is still another story here. "Somebody was a defaulter," says Mr. Koon, incautiously. As to who did the defaulting there is other testimony available of which Mr. Koon at that time was not aware.

When its application had at last been turned down by the management of this strange kind of public market, the Farmers' Exchange was driven to seek another way to dispose of the wheat that was being shipped to it by the growers in the country. So it made an arrangement with a firm of regular brokers, McKinnon & Son, to take this business on the usual commission basis.

Very soon afterward McKinnon & Son, though apparently in sound condition when the arrangement was made, suddenly failed. Nobody seemed to know exactly why they should fail, and the news caused much astonishment in some quarters. The firm was immediately succeeded in the Chamber by another firm with which the Farmers' Exchange had no arrangement. Among the consignments of grain to the Farmers' Exchange was one of twelve cars that it had handed over to McKinnon & Son before the failure. The new firm refused to release these, and neither the Farmers' Exchange nor the shippers of the grain, who were its lawful and true owners, could ever recover it or get paid for it. The Chamber of Commerce had many rules, some of which were supposed to enforce fair dealing and equity. It was also, by statutory enactment, a part of the judicial machinery of the state of Minnesota, and therefore under a peculiar obligation to support justice. Yet in this case it steadily refused to support justice or to uphold righteousness, and the directors of the Farmers' Exchange were left to pay for the twelve cars of wheat that had been taken from them, approximately $12,000. Some of the victims went into debt and mortgaged their possessions to make the amount good. That was the end of the Farmers' Exchange and of this phase of the grain-growers' effort to win free from the thing that oppressed and impoverished them.

"Somebody was a defaulter," said the injudicious Mr. Koon. Not much doubt of that now, for the whole significant story came out before the committee of the Minnesota House of Representatives that in 1913 was investigating the grain trade, and some of the testimony is so important that I will quote it in full. The witness is one of the farmers that were stung in the way I have described:

> *Question.*—Your society or exchange brought the matter right up to the Chamber of Commerce?
>
> *Answer.*—Yes sir. I studied this organic act [of the Chamber] and their laws and regulations and thought

to myself, if they were sincere in their motives and wanted to follow out the principles they would possibly assist us to get this wheat paid for to the original shipper, and in order to give them that opportunity I took it up with the Chamber of Commerce by correspondence and explained to them the situation to lend us a helping hand. We had several letters with them and they staved it off.

Q.—Did the Chamber of Commerce ever attempt to right the wrong of the transaction which you have stated to the committee?

A.—No, they have not.

Q.—What further was done, if anything? Did the farmers ever get paid for their wheat?

A.—Yes; there were nine directors of us and eight of us put up $1,500 each to pay for the wheat. The directors paid the farmers for the wheat.

Q.—The farmers' corporation—it broke them?

A.—Yes sir.[1]

Farther on in the same investigation the same witness was on the stand, and this occurred:

Question.—Do you at the present time, Mr. Steenerson, consider it obligatory upon the Chamber of Commerce to pay this debt?

Answer.—Morally, they ought to pay it.

An attorney for the Chamber of Commerce was present and bristled up at this. He said:

Question.—Do you want this committee to understand that you think the Chamber of Commerce should pay it?

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[1] Investigation of Grain Exchanges; House of Representatives of Minnesota; testimony, pp. [illegible].

Answer.—I certainly do.

Q.—Do you know what kind of an organization the Chamber is?

A.—I think so.

Q.—You do not mean to say you think the Chamber got this money itself?

A.—Through their instrumentality Mr. Welch got the money. Your system and the manifold ways of doing business fixed it so Welch & Co. swindled the farmers out of twenty-six carloads of grain.

Q.—How long have you been thinking this over? Do you want this committee to believe that you are not willing to try it out in court and although the Chamber did not get this grain you want them to pay for it?

A.—I want this committee to believe that I wanted the Chamber of Commerce to understand the situation, so they could, if they saw fit, make their members make restitution to these people who had shipped this grain. I submitted the case as plainly as I could to them and they declined to do so, and that is all so far as I am concerned.

Q.—You are willing to have it appear in record that you think the Chamber of Commerce owes this debt?

A.—I still hold that they are morally responsible and should make restitution, either themselves or those that got the money.

Q.—You never looked into this yourself?

A.—I have.

Q.—And you were not willing to have that instrumentality [the Board of Arbitration of the Chamber of Commerce] arbitrate the dispute?

A.—If an outsider were to submit to any agreement to arbitrate matters of this kind with a member, he would have no chance whatever before a Board of Arbitrators composed of members of the Chamber. If members would live up to the by-laws and rules they could adjust matters between your members and the outside, but they consider outsiders proper subjects to be fleeced. That is the way you are transacting your business and that is what you got your organization to do, and it is a shame upon the state of Minnesota that you are permitted, under any law, to carry on such a nefarious scheme to maintain their charter.

Q.—Was the Board of Arbitrators explained to you?

A.—I read the Articles of Incorporation and the rules of the Chamber of Commerce, and in one of the rules it said the members will not be required to incriminate themselves in case there is a hearing, which, of course, is the right we are entitled to. When we are in court we take that right, but for you people to prescribe that you shall have the right to refuse to answer questions shows in itself that you are trying to shield rascals.[1]

Neither the officers of the Chamber nor their astute counsel seemed to have any pat answer to this outburst, which sounds still in the testimony with the note of rugged honesty. But that did not save the Farmers' Exchange, which was beaten down and ruined for this only reason that it purposed to distribute among the producers some part of the profits then being seized by persons having no part in either production or distribution, but endowed by reason of those profits with abnormal and illegitimate power.

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[1] Testimony before Minnesota House Committee, pp. 733-734.

CHAPTER VIII

UNEQUAL FIGHTS ON MANY FIELDS

CO-OPERATION as a remedy for the farmer's troubles was nothing new when the Farmers' Exchange began its disastrous career. The Exchange was, in fact, only one in a long series of experiments, mostly futile, with a principle that abroad had proved an illimitable boon to both producer and consumer. So far back as 1889, when the losses through false grading and other ill conditions were growing to their worst, co-operation had been approved to such an extent that in many communities "farmers' elevators," conceived and operated on the co-operative principle or pretending it, had begun to break into the grain business. By that time the "line" elevator was developing into the iron-fisted control of the farmers' market it afterward attained, and the appearance of the co-operative elevator in competition with this was not viewed with rapture, as one can readily understand, on the Chamber of Commerce.

The "line" elevators all acted together, as I have indicated in the story of John Evans, and so long as they had the field to themselves could fix what prices and conditions they pleased. There might be three or even four elevators at the same station, all bearing names of different suggestions of lordliness—"Majestic," "Atlantic," "Great Western," and the like—but all, as a rule, were of the "line" order, were owned by some corporation or firm on the Minneapolis Chamber, and acted in concert, though by a useful fiction they were supposed to compete. A genuinely co-operative elevator in any of these places was a grave menace to this established and highly successful business, not merely because the profits under the co-operative system were distributed among the farmer owners, but because the farmers' elevator was free to pay approximately what the wheat was worth.

The co-operative elevator began to spread rapidly. To meet it the "line" companies adopted effective tactics.

1. Being interlocked with the directorates of the great banks of the Northwest, the great banks of the Northwest being interlocked with the great financial interests of the country and the great financial interests of the country, of course, controlling the railroads, it was easy to induce the railroad managements to refuse to a farmers' co-operative elevator association a site on the companies'

right of way or owned land. This did not always meet the requirements of the "line" companies, because the railroad's right of way was not always wide enough to exclude the farmers or there might be a piece of land adjacent thereto that could be had from some other owner than the railroad company. Still there is no question that in many instances it was a good device and prevented the organization of many a farmers' elevator concern.

2. If in spite of the railroads' active opposition the farmers succeeded in getting their site and in building their elevator, it was always feasible to refuse (or to fail) to provide such an elevator with cars.

This is a delicate maneuver against which there is no perfect remedy so long as the railroads are in the hands of private companies. The legislature may enact, Interstate Commerce Commissions may order; there will always be room for a manipulation not to be detected. The farmers' elevator and the "line" elevator lie side by side.[1] Both want cars to ship away the grain that is accumulating within them; both apply to the railroad company. If the "line" elevator gets the cars and the farmers' does not, who is to prove that the request of the "line" elevator was not in first? And if thereby the farmers' elevator becomes choked with grain so that it can buy no more, and the whole situation passes into the hands of the "line" elevator, which can now pay what price it pleases and exact what dockage it may elect, who is to say that the railroad company is at fault? Cars are hard to get at the season when the wheat is moving; every railroad company is put to its utmost of ingenuity to meet the demands made upon it. First come, first served, according to its managers and press agents, is its rule, and if the "line" people were smart enough to distance the farmers about car applications, that is no concern of the company's. Something like this is the ready answer to every complaint, and there is no way to refute it.

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[1] Records in the possession of the farmers' organization contain many such instances supported by investigation. I recall one flagrant case, noted in October, 1916, where at a North Dakota station a co-operative farmers' elevator and a "line" elevator occupied adjoining sites on the same side-track. The co-operative elevator, after days of frantic appealing to the railroad company for cars, had been obliged to close with its bins full of grain. The "line" elevator had no grain stored in it, but was daily shipping out full cars and had three empties waiting for it on the side-track. It is necessary to know these things and their multiplicity to understand why the farmers were so bitter.

3. They organized the local banks against the co-operative and thereby let loose a tremendous power. Far too little has been said about this phase of rural life in America. Taking the country by and large, the power of the bank is second only to the power of the press, and, so far as mere newspaper editorials are concerned, goes immeasurably in advance. I should think it no exaggeration

to say that the political and business potency of the small banks in North Dakota alone was greater than that of all the newspaper editorials in the United States. The banks hold (or used to hold) over the farmer the power of life and death. They could for any reason or none withhold the money supply by which alone he could continue to operate. To stand well with the local banker became, therefore, a matter of the first importance to the average farmer, and when in any community a project to build a co-operative elevator was broached, and the local bankers were against it, the project usually failed in that community.

If it were built, nevertheless, and the banker remained hostile, he could so manage his great influence that many a farmer, even if he held stock in the enterprise, dare not sell his grain to it. "If I were you I'd sell my grain to the Majestic people; they give you the fairest price, and then, you know, they are absolutely trustworthy, and you don't know about the others." Thousands of times exactly that significant hint has fallen from the lips of the town banker and often it has been effective in ruining a co-operative enterprise.

4. In many places the fraudulent co-operative elevator was found the most useful device. If there came word that in this town or that the farmers were uneasy, and much

talk was heard that they ought to unite for their own welfare and protection, it was not long before a brand-new structure bearing the conspicuous legend, "Farmers' Elevator of Lumtiloo," would arise in that place. Or a "line" elevator would be sold and the painters' handiwork would transform it in an hour into an enterprise apparently enlisted under the co-operative banner. The real owners were sometimes a Chamber of Commerce firm and sometimes a local company that the local banker had obediently fathered; but in either case it had nothing to do with co-operation, and the only sense in which it could be said to be a "farmers' elevator" was that it existed to outwit them.

The natural surmise would be that this device was too far-fetched to be common. On the contrary, it was the commonest of all the means whereby the Chamber of Commerce firms fought the co-operative wave, and so lately as January, 1916, there were in North Dakota 350 elevators that pretended to be co-operative and were not so to 50 that were genuine. So far had the business of establishing and maintaining this disguise gone that there was published a periodical that, bearing a co-operative name and ostensibly devoted to the co-operative interest, was in reality printed only to prevent co-operation by discouraging it.

5. To secure by bribery or purchase the secret assistance of the manager of the co-operative elevator that he should ship the grain to certain houses and thus maintain the supremacy of the existing system; or to buy a good manager away from his employment.

The prevailing bonus or bribe (as you prefer) was five dollars a car for each car diverted from co-operative to regular commission channels. Where a brutally frank tariff like this seemed for some reason inadvisable, or the man they wanted was too honest to be bought, the "line" company would lend money to him or bestow upon him other advantages of a tangible nature.[1] These transactions became finally so much of an obstacle that the Equity, which is the name of the greatest and most efficient of these farmers' co-operative societies in the Northwest, was driven to adopt one settled policy in relation thereto. Whenever it learned that in any locality the farmers desired a co-operative elevator the Equity sent to the spot and built one, and thereafter retained it under its own management that it might know there was no chance for these devices.

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[1] Before a committee of the House of Representatives, Legislature of Minnesota, investigating grain exchanges. Testimony of A. Koenig, who had been manager of a farmers' elevator at Carrington, North Dakota.

Question.—Did you borrow money from them?

Answer.—Yes sir.

Q.—I say, then, it was the loaning of money to you by Stair, Christensen & Timmerman and by Van Dusen-Harrington that took you away from the Equity Society in the matter of handling your grain, wasn't it?

A.—Yes sir.

In the end the practice was admitted by Mr. Lind, counsel for the commission men. Testimony, vol. vi, p. 1,633.

6. To hamper, harass, undermine, discredit, and if possible destroy the co-operative societies wherever they appeared.

This is a long story and not reassuring. The principal sufferer from these tactics has been the Equity, which may be said to have survived and advanced only by reason of the sheer dogged tenacity of a handful of aroused Americans that would not know when they were beaten. The career of the Equity has been one record of incessant fighting. It has been dragged into court on a variety of charges, all subsequently proved to be without foundation, attacked through the press and attacked through the banks. More than once it has seemed to be on the point of extinction and still it has gone on growing in strength and the scope of its operations. From the long list of its struggles for the right to live I will cite one that will serve as an illustration for the rest.

In 1911 it organized the Equity Co-operative Exchange, undismayed by the fate of the Minnesota farmers' experiment, and began to try to do business by receiving grain from the growers and selling it on the Minneapolis market. In other words, its function was that of the grain broker, only honestly performed, and it cut out the "wash" sales and the mysterious medicaments of the terminal elevator.

To do this modest amount of business it must operate through the Minneapolis Chamber of Commerce, and I need not dwell on the fact that it was there a most unpopular institution. It did business on the co-operative basis and not for profits, always a deadly fault in the view of the Chamber.

In August, 1914, a stockholder in the Equity was induced to bring suit to have the books and papers of the concern examined. The money that paid for this examination was said to come from the Chamber of Commerce—at least it was a paid accountant of the Chamber that made the examination. He reported the Equity to be insolvent. The then attorney-general of North Dakota filed a petition alleging insolvency, fraudulent transactions, and the like, and asking the court to enjoin the officers and appoint a receiver. With two or three exceptions all of the affiants in these proceedings were members of the Chamber of Commerce or in the employ of members. When the case came to be heard the court decided in favor of the Equity, gave it a clean bill, and the attorney-general's suit was dismissed.

The Equity was still unable to do any business on the Chamber, although that institution was of a public nature and part of the state's judicial system, but it got state inspection for its wheat and tried to sell grain to four of the great mills of Minneapolis. None of them would touch it, and not a bushel of Equity wheat was ever bought by a Minneapolis mill.

A new blow now fell upon it from an unexpected quarter. There is between Minneapolis and St. Paul a great switching-ground and freight-car clearing-house called Minnesota Transfer. It is operated by all the railroads in common; it is a public utility if there is one in America. The Equity was now receiving much grain in carload lots and was selling it to Eastern mills and shippers. Of a sudden Minnesota Transfer notified it that thereafter no Equity cars shipped in from a point on one railroad would be forwarded to any point on any other railroad.

This meant that in every Equity shipment the grain must be taken from the car in which it arrived and transferred to another car. Only an elevator could do this work; the Equity had no elevator, and none of the elevators in that region would touch a bushel of Equity grain. At one blow, therefore, the railroads had put the Equity out of business.

In this emergency appeal was made to the

Interstate Commerce Commission, and the late John H. Marble, then a member of the commission, issued an order that compelled the railroads to handle the Equity cars as they handled all others.[1]

Yet often the farmers came to think that all government, state, national, and municipal, was lined up against them. In January, 1914, a grain-growers' convention was held at Fargo, North Dakota, under the auspices of the Equity Society. As may be imagined, the trend of the speeches was not complimentary to the existing system of grain-handling. The meetings were held in the Fargo Auditorium, which seats more than four thousand persons and was crowded. The projectors of the meetings had secured, as they thought, the hall for every day and evening of the session. On the last evening a body of men representing the Minneapolis Chamber of Commerce suddenly appeared with a posse of police, and asserted that they had hired the hall for the purpose of holding a meeting to urge the other side of the grain question. The farmers exhibited their papers showing their lease of the premises, but the other party insisted and the police began with unnecessary roughness to throw the farmers' speakers that were on the stage into the street. Mr. J. M. Anderson, the president of the Equity, protested to the chief of police, who was present, but was threatened with arrest and manhandling if he did not keep still. The enraged farmers in the audience, when they understood what was happening, started for the stage, and but for the coolness and restraining influence of Mr. Anderson a battle would have followed, with bloodshed and possible loss of life. Mr. Anderson finally induced the farmers to yield, under protest and pressure, and the meeting was broken up by the authority and connivance of the government of Fargo.

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[1] Before the Committee on Rules, House of Representatives, Sixty-third Congress, Second Session, p. 434.

In spite of every obstacle, ingenious or merely brutal, the Equity went on. I have not known a more gallant fight against heavy odds; the fidelity with which its officers and members stuck to it through the darkest days is not less than heroic. The men that carried it through will never be celebrated by the trump of fame, but they gave, nevertheless, as worthy exhibitions of steadfast moral courage as are ever shown on a battle-field.

Every month now it was handling more and more of the farmers' grain. To handle grain it must have banking accommodations because it must meet sight drafts made on the grain it received, but it must wait for payment for the grain it sold.

Now the backers of the Equity are the

farmers of the Northwest. At the time I am writing of, four thousand of these had pledged themselves and all their means in support of the enterprise; its managers were all farmers of substance and standing. Nevertheless, in exact proportion to the increase of its receipts increased also the difficulty of getting banking accommodations. The active field manager of the Equity was George S. Loftus, whose remarkable career and unselfish sacrifices for the public have never been sufficiently told. He had been a prosperous hay and feed dealer in St. Paul when a conception of the struggle of the people against monopoly and privilege laid hold upon him with an apostolic inspiration, and he abandoned his business and every personal consideration to give himself to a cause that cost him his life.[1] His first achievement was a successful campaign he inaugurated and carried on against the Pullman Sleeping Car Company to compel it to lower the rates for upper berths. He carried this through the Interstate Commerce Commission and the courts, and the country owes to him the 20-per-cent. reduction it has ever since enjoyed.

When the Equity started upon its fight against the existing system of marketing grain, Mr. Loftus gave himself wholly to the conflict, toured the country, addressing great meetings of farmers, and finally accepted at a merely nominal salary the position of sales manager at Minneapolis. It was his duty to get these banking accommodations, and his distress grew with the tightening band the banks were weaving about his institution.

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[1] He died in 1916 of an illness brought on by his labors and anxieties in the farmers' cause.

As fast as one bank refused the Equity account Mr. Loftus must chase about the city until he found another willing to accept it. At last only one bank stood between him and ruin, and one day the cashier of that bank called him into the office, and with expressions of regret and personal esteem told him that instructions had been issued that the Equity was to have no more credit there.

Mr. Loftus went back to his headquarters, his mind in a whirl. There seemed nothing to do but to announce the closing of the Equity and try to settle with the farmers for what grain was then in transit. After so long and brave a fight defeat had come at last.

"What did you do, George?" asked a friend, afterward.

"I will tell you what I did," said Mr. Loftus. "I am not much in the piety line, but I went into my office and shut the door and kneeled down and prayed. When I got up I happened to think of an old friend of mine in a bank in St. Paul. I went straight there to see him. I used to get credit at that bank when I was in business for myself in St. Paul and they knew I was all right. Nevertheless, I went with my heart in my mouth. It did not seem possible that anything could save us. But I went in and told my friend how I was fixed, and he said, 'Certainly, George, you can have what you need.'"

By such a narrow margin was the enterprise saved from the rocks. After a time the St. Paul banks grew rusty, and one after another refused the business. The Exchange, practically driven out of Minneapolis by the influence of the Chamber, meantime had moved to St. Paul. It occurred to some of the keen merchants there that it would probably develop into a valuable asset. Already it was talking about a co-operative elevator to be built in the city. These merchants put a pressure upon any bank that was likely to prove hostile, and again the Equity moved forward.

With its development increased also the hatred it had aroused as an institution not conducted for profits. It was now assailed with a charge that must be fought clear to the legislature of Minnesota, the Congress of the United States, and the state courts, that the Equity was not a genuine business enterprise, but tricked farmers to ship it grain, which it turned over, while in transit, to Chamber of Commerce brokerage houses, and thus compelled the farmer to pay in effect two commissions. To support this charge a certain list of cars was shown that had been started to the Equity and re-routed to Chamber of Commerce firms. The explanation was that in some instances these firms, for their own purposes, had bought the wheat at the Equity prices, and in other cases the thing happened because changing market conditions after the wheat had been shipped justified a change in the original destination. But the point to be made here is the exceeding bitterness with which these charges, essentially trivial, were urged. It is a fact easily verified by reference to the newspapers that the managers of the Equity were assailed as if they had committed some form of loathsome crime, and the Northwest was flooded with circulars, pamphlets, and clippings from the press, informing the grain-growers that the Equity was a swindling concern, and any farmer that shipped to it must be prepared for double commissions, vexatious delays, and probable loss.

It was against such odds that the Equity, existing not for gain, but to secure bare justice and uphold basic rights, must fight every instant for its life.

At the same time other states, and even Canada, were furnishing convincing examples of the tremendous power that the farmers must combat if they were to win to a measure of freedom.

The farmers of Manitoba, who suffered in a less degree from such conditions as made farming unprofitable in North Dakota, united to form the Grain Growers' Grain Company, a purely co-operative concern, to handle on the Winnipeg market the produce of its members. It sought a seat on the Winnipeg Exchange, which is for Manitoba what the Chamber of Commerce is for our Northwest. The seat was finally obtained for twenty-five hundred dollars, and the farmers, having it, were able to do business on the Exchange—for the space of one week. Then incontinently and without other proceedings they were ejected from the place. Whereupon the banks made war upon it and the grain-dealers refused to handle its grain. The farmers did not tamely submit to this, but took the matter first into the courts. Mr. John J. McHugh was at that time secretary of the Minneapolis Chamber of Commerce and a member of the Winnipeg Exchange. He and others were indicted[1] for conspiracy in connection with the ejection of the farmers. But meantime the Grain Growers' Grain Company was no nearer to a chance to do business, no matter how illegal or unjust might have been its expulsion. It therefore appealed to the provincial government of Manitoba, which, after a time, ordered the farmers' company to be reinstated on the Exchange. But here comes the strangest part of the story, for although the government's order, one might think, was one to be obeyed in its letter and spirit, and obeyed promptly, the Exchange succeeded in holding off the matter until it had compelled the plan of the Grain Growers' Grain Company to be changed so that the co-operative feature was eliminated. Whereupon, being not different from other corporations that did business for profits, the Exchange no longer had objection to it.

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[1] Mr. Cantrill.—You say he was indicted. Was he convicted?

Mr. Drake.—He was not convicted.

Mr. Cantrill.—He was acquitted?

Mr. Drake.—I do not know whether he was acquitted or no. . . . It is my understanding that after the restoration of the Grain Growers' Grain Company to the Board of Trade in the manner I have outlined, the charges against McHugh were dropped.—*Hearing before Rules Committee, National House of Representatives, Sixty-third Congress. Testimony of Benjamin Drake.*

The farmers of North Dakota knew well the course of these combats and the finish thereof, and did not fail to appraise rightly the lesson of colossal and absolute power. They now had another object-lesson nearer home.

The wheat markets of the United States are Minneapolis, Chicago, and Duluth. Minneapolis overshadows these, for Chicago's interest is speculative, having the wheel of fortune on which grain bets are made by the whole country; and Duluth, while a busy shipping port in the summer, is closed to navigation about half of the year.

Nevertheless, you can ship wheat to Duluth in the fall or winter and have it stored against spring, when it usually goes by boat up the Great Lakes. Minneapolis market conditions having been made thoroughly unsatisfactory to the farmers, there was hope, when Duluth began to loom into importance, that the once favorite dream of competition's beneficent influence might be realized here. This hope, when put to the test, failed like the rest, partly for such reasons as in these days usually cause competition to fail everywhere, and partly because members of the Minneapolis Chamber of Commerce went to Duluth, secured control of its Board of Trade, and instituted there the methods to which they had been accustomed.

Duluth lies close to the Wisconsin line, and on the other side of that line, across the harbor, is the city of Superior, Wisconsin, which, having an excellent water-front and good shipping facilities, is something of a rival to Duluth. The Chamber of Commerce combination had a firm hold upon the government and legal machinery of Minnesota. The railroads and banks, working with the Chamber of Commerce, had a firm hold upon the government and legal machinery of North Dakota. In Wisconsin, revolt against the domination of the corporations had gone on for some years, and with such success that they no longer had a firm hold upon any government or legal machinery there. The harassed North Dakota grain-growers, therefore, were driven to a most unusual step. They went to the legislature of Wisconsin for relief through the Wisconsin port of Superior, and they obtained a law by which the Wisconsin Grain and Warehouse Commission was made to consist of three persons, one from Wisconsin, one from New York, and one from North Dakota.

The value of this provision lay in the fact that the Grain and Warehouse Commission appointed all the inspectors and weighers of grain in the state and could insist that grain grading and weighing be fair and just; and on the commission thus empowered the North Dakota farmers had representation.

Superior had a growing grain exchange and a growing Lake traffic, and the North Dakota farmers began to ship their grain to Superior and get the benefit of honest grades. Not long did the good days last. From the report of the committee of North Dakota bankers that I have previously mentioned I take this succinct statement:

> Our shippers were undoubtedly greatly benefited during the time the Wisconsin inspection was in force, but by the apparent combined efforts of the Interests above

named this Wisconsin inspection is superseded, and all grain received at the head of the Lakes must be inspected by Minnesota inspectors under Minnesota rules.

Who were "the Interests above named," and how did they do this amazing thing, the nullifying of the law of a sovereign state? One would think it impossible. On these mysteries the report of the North Dakota committee sheds the needed light. It says:

> The story of how the Wisconsin law was made absolutely inoperative is an interesting one. The Duluth Board of Trade made a rule that no member of the Duluth Board could hold membership in a similar organization within a hundred miles of Duluth.[1] This

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[1] I think I had better illustrate this from the regulations of the Duluth Board of Trade, otherwise readers unfamiliar with the excesses in autocracy that undisturbed monopoly had bred in the grain business may think the committee's comment unjustifiable. An applicant for membership had to make an affidavit in which he agreed that he would not be a member, stockholder, or officer of, or be in any way directly or indirectly interested in any similar organization located within one hundred miles of the city of Duluth, for dealing in any commodity dealt in by the members or quoted upon the board of this association. The affidavit then goes on:

"Or be a partner in any firm or stockholder in any corporation so dealing, having any office or place of business or transacting such business upon the Duluth Board of Trade.

"Or shall directly or indirectly aid or assist in the building up of any similar organization to this association within one hundred miles of the city of Duluth;

"Or shall directly or indirectly do any such act or use any influence which shall tend to injure or destroy the business of this association, or of its members as a body, or shall refuse to act or use your influence toward the protection and upbuilding of the business of this association and of its members as a body in every way in your power to the best of your ability. . . .

"Then upon the happening of any such event or contingency you will forthwith resign your membership in the Duluth Board of Trade," and failing to resign within five days of the happening of any such event or contingency [meaning the violation of the rules about competitive organizations] the member is to be expelled.

> was done to compel all grain men doing business at the head of the Lakes to confine their business to Duluth. Then all terminal elevators located in Superior suddenly were closed as public elevators and became private elevators operated by individuals holding leases. As private elevators they were able to discriminate in the business offered them, and this discrimination took the form of refusing to receive any grain inspected under Wisconsin rules and by Wisconsin inspectors. It does not require anything further to show you how Wisconsin inspection was put "down and out" and why all of our grain must now be graded, inspected, and weighed under Minnesota inspection rules.

The committee relates that it attempted to have a hearing with the Duluth Board of Trade, and met with some of the officers and members for that purpose. Before the session opened members of the Duluth Board took exception to the fact that State Senator Hudnall of Superior, Wisconsin, had been invited by the committee to be present. At the last convention of the Bankers' Association, Senator Hudnall had spoken about the system of grain-grading in use in Minnesota, and had made statements to which members of the Duluth Board vehemently objected. The committee had now taken him along to determine whether these statements were true or false. The committee's report says:

> Members of the Board of Trade absolutely refused to proceed with the conference while Senator Hudnall

> was present, notwithstanding the fact that your committee stated that if the conference could not proceed while he was present, his statements would have to be accepted as facts by the committee.
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> Objections were also made by members of the Board of Trade to the stenographer who was present at the request of your committee.
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> Your committee withdrew from the conference for the purpose of considering the objections raised by the members of the Board of Trade. Being present at the invitation of the board, and feeling that our request to have Senator Hudnall present long enough to go over the statements made by him at our convention, to which exceptions had been taken by the board, was not unreasonable, and also feeling that an effort was being made to throw such restrictions around the conference as would make it of no value whatever to the committee, it was finally decided that we would withdraw and not attempt to proceed farther with the conference at that time. The committee thereupon retired from the conference.

Farther on the report has this highly significant passage:

> Following this attempt at a conference with the Duluth Board of Trade, your committee entered into correspondence with a large number of Eastern millers. This correspondence was of considerable interest, and disclosed the fact that the Eastern millers cannot obtain grain at Duluth except in the condition in which it is offered to them as to mixing. They want a certain proportion of the grain of good grades just as it comes from the shippers, but can obtain it only after it has been mixed and the higher grades reduced in quality.

It appeared certain, therefore, that, as I have before indicated, the consuming public had to bear a part of the cost of these operations.

The power of the Duluth Board of Trade to punish and disable any person that incurred its ill will might well cause just men to pause and ponder. H. T. Fowler, of Superior, testified that he had been put out of the grain business by the secret influence of the board. He was a shipper of grain by Lake boat and soon after the board had undertaken to suppress Superior he had a large vessel in port that he was loading. When the load was less than half completed the man of whom he was getting the grain called him on the telephone and said:

"The stuff is off. I can't buy any more for you."

"I asked him what was the matter," Mr. Fowler testified, "and he said they simply would not let him buy. Then I sold him the balance of it [the load]. Since that time I have not attempted to ship a boat-load of grain."[1]

It appeared further that the railroads assisted the Board of Trade in its campaign by obstructing the Wisconsin inspection on cars of grain passing through Wisconsin to Duluth.

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[1] Before the Interstate Commerce Commission. *In re* Relation of Carriers to the Grain Trade, p. 1006.

From this combination of powers there seemed to be no escape.

I should not close this instructive chapter of history without telling the rest of the story of the North Dakota Bankers' Committee. When it had laid bare the secret springs of the grain monopoly at the head of the Lakes that was levying so crushing a toll upon the Northwestern farmer, the committee sought an interview with the controlling officers of the Great Northern Railroad. It will be remembered that the railroads centering at Superior had played the monopoly game by obligingly closing their elevators as public and maintaining them as private warehouses, thereby taking them out of the state inspection or control. The committee wanted the Great Northern to reopen its Superior elevators as public institutions, and to cease to oppose (and hamstring) the Wisconsin inspection law. Mr. Louis W. Hill, son of James J. Hill, and vice-president of the railroad, met the committee with affable courtesy. Then, supported by other officers of his organization, he politely vetoed the committee's request. But he offered a proposal on his side. The railroad company would lease any or all of its elevators at Superior on a basis of four per cent. on the investment. Why not get up an organization of independent shippers in North Dakota, or, say, include also South Dakota and Minnesota, lease these Great Northern elevators, and operate them as might be desired? On this the committee made in its report the following significant and prophetic comment:

> This proposition to your committee seems to be the solution of many of the problems of correcting the evils and injustices now in existence in the handling of grain at the head of the Lakes, and your committee will now take up the matter of perfecting an organization to take over one or more of the Great Northern terminal elevators among the independent shippers of the state. By an organization of this kind the shipper can retain complete control of his grain. He can obtain the value of all screenings taken from his grain. The Eastern miller can obtain grain in just the condition he wants it, and a competitive market at the head of the Lakes can be re-established.
>
> Your committee is of the opinion that the reforms outlined will be of material benefit to the grain-growers of the state and will be a stepping-stone to a better system of inspection, viz., federal inspection, which would do away entirely with the many conflicting inspections established in the different states.

So the committee, full of hope and optimism, went to work to organize the combination of independent shippers that was to take over these elevators, while many trusting persons seem to have stood by awaiting the descent of reform as if let down from the skies. It did not descend. The combination of independent shippers was not organized. Gentlemen that looked into the project saw that with the governments of North Dakota and Minnesota in the hands of the railroads, and the railroads operating in closest conjunction with the Chamber of Commerce, the chances at that time, anyway, were too hazardous.[1] The railroads would thus have a garrote around the neck of any such enterprise, and, judging by all their past history, would not hesitate to apply it instantly at the word of the grain combination. There was but one power able to deal with such a situation, and that was the power of the state administered in the interests of the public; and there was but one effective way for that power to be exercised and that was through the creating of terminal elevators owned and operated in the public behoof. The mere fact (shown before the Interstate Commerce Commission) that the railroads could, if they wished, haul their cars straight through Superior without allowing any inspection they did not care to allow, and the other fact that the Duluth Board of Trade could practically put out of business any dealer or handler or combination of dealers and handlers that incurred its ill will, made cautious men too wary of such a project, and the generous hopes of the committee soon proved to be but rosy dreams.

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[1] Years later the Equity Society, becoming strong in Wisconsin, erected a market of its own in Superior, and has made of it a successful venture.

It was when this became apparent, and all observing men saw there was no possible relief except through state action, that the idea of terminal elevators owned by the state began to appeal strongly to the people at large as the only way out of the morass.

CHAPTER IX

THE SPINNING OF THE WHEEL OF FORTUNE

MOREOVER, the farmer knew well enough, as we found in the sour story of the Clay County revolt, that he suffered by reason of the vast gambling operations in the markets at Minneapolis and Duluth. He knew that the greater part of the telegraphed market quotations from Chicago was merely the records of bets, and yet these bets profoundly influenced the income he wrested from his land.

There was no good reason why the bets of two gamblers in Chicago should cause him to lose two hundred dollars on his harvest in North Dakota, yet they had this effect, nevertheless. He knew, too, that very often the betting was not honest betting, but a show of betting on a prearranged scheme to reap illegitimate profits from the unwary lured into a controlled market, and that in the end his toil and care must be taxed for the making of these profits. He knew, when the market at

Chicago was affected by cabled despatches received from Argentina or India, that often these despatches were spurious or sent by accomplices of the gamblers in Chicago. Yet he knew that when such false intelligence had put down by five cents what was called the price of December wheat in Chicago, the next day the price of wheat would fall at least five cents at his local elevator in North Dakota. Even if the month were September this fall in the December quotation in Chicago would have this effect in North Dakota. And he knew all the time that the so-called December price meant merely that one gambler had bet the price of wheat would be five cents less in December, and another gambler had bet that it would not, and the farmer stood to lose five cents on each bushel merely because of this bet.

He knew also that at no time could there be any assurance of reality in the so-called market quotations, since at any time there might be progressing a gigantic deal in which all the reported values would be fictitious. He knew that as a general rule the price of grain was made low when the farmers had grain to sell and high when they had sold out, and he knew that this was merely another evidence of manipulation. For instance, here is a table that shows how the price of corn was manipulated in the year 1911:

Month	*Average Price of Corn*	*Stock of Corn in Farmers' Hands*
January	48.2	Heavy
February	49	Heavy
March	48	Declining
April	49	Declining
May	52	Small
June	55	Much smaller
July	60	Still less
August	65	Little or none
September	65	Little or none
October	65	Little or none
November	64	New crop
December	61	New crop

His daily experiences showed to the farmer that the laws of supply and demand about which schools and theorists have much to say had become myths. Plainly it was not the extent of the supply that determined the price levels, but something else; and it was not by chance that the low levels prevailed when the farmer had corn to sell, and the high prices when, the corn having passed from the farmer's hands, the selling was to be done by somebody else.

In 1909 this country produced a larger grain crop than in any previous year in its history. Two years later there was a small yield of wheat both here and abroad. Yet the price of wheat in 1911, the year of small yield, was about twelve cents a bushel less than the price in 1909, the year of prodigious yield.

In March, 1914, there was less corn by three hundred million bushels in the United States than the country produced in 1912, and still the price in 1914 was lower, when by all the laws of supply and demand it should have been higher.

In 1898 Joseph Leiter of Chicago entered upon a campaign to put up the price of wheat by purchasing great quantities and holding it until the price should reach a certain figure. The wheat was bought and held, and the price soared daily because of the manipulation. Charles A. Pillsbury and Frank H. Peavey of Minneapolis and Duluth, who were cooperating with Leiter in the market, being unable to get further margins from him, sold their wheat. The market collapsed, leaving Leiter with a loss of $8,000,000.

In the midst of this transaction it became necessary to turn in a certain storage of wheat that had been graded as No. 2. So long as it had that grade it was useless to the manipulators, who could use only No. 1. A demand was made that the grade on this wheat should be raised. Accordingly, it was reinspected, with the result that the original grading remained. A second reinspection had the same result. Then came a peremptory order from the State Inspection Department to make that grade No. 1, and as No. 1 it went out to help one end of the great deal.

It is a fair question what confidence could any farmer have in any market when he knew that it was subject to such control and manipulation.

The Minneapolis Chamber of Commerce has a rule that forbids any member to buy grain in carload lots at country points for more than the city price of that day, less the freight to Minneapolis. And the city price is based primarily upon the recorded bets on what the price will be months hence in a market thus controlled and manipulated. I earnestly desire not to be unjust or to give any countenance to the personal attacks that have been a regrettable feature of this conflict, knowing well enough that all these conditions are the result of a system, and nobody's fault. But it does seem to me that gambling on the faro layout, as administered by Michael McDonald, in Chicago, or Patrick Sheedy, at Long Branch, was infinitely fairer. There the cards were not stacked nor marked; if you lost it was the turn of luck or fate and not any trick imposed upon your innocence that lightened your pocketbook.

Can we say the same of the gambling by the great wheel of fortune on the Chicago Board of Trade and Minneapolis Chamber of Commerce?

For instance, in the summer of 1915, No. 1 Northern wheat was selling at Minneapolis for about 98 cents. A wholly fictitious story was prepared and printed concerning the forcing of the Dardanelles, which was said to be imminent, and about the quantities of Russian wheat that would thereupon be released. This drove down the price of what is called the December option, the technical term for the bet on what wheat will be worth in December, to 80, and finally to close upon 70 cents. The price of cash wheat at the country elevators followed this decline, and the farmers lost, in consequence, a huge sum, estimated in some quarters at $50,000,000. This is by no means impossible. The decline in the market brought about through this false story averaged 16 cents. The total wheat crop that year was 1,025,801,000 bushels. If the whole crop had been marketed at the artificially reduced price the loss would have been $160,000,000, and the chief question is how much the farmers had parted with when the decline was effected.

The total losses of that year caused to the wheat-growers by manipulation alone have been estimated between $180,000,000 and $300,000,000.

It was the year of the sensational Armour bear raid, the toll of which from the farmers was enormous. This began on May 1st, when the price of No. 2 Red wheat [1] on the

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[1] This is an old Chicago grade.

Chicago market was $1.64 a bushel. Armour and his associates on the Chicago Board, having sold out their wheat to the Allies and made $8,000,000 by the operation, began to engineer the decline. They gave orders to sell July wheat at the market in unlimited quantities. By July 1st they had driven the price down to $1.24½. They then delivered 20,000,000 bushels and the price went up to $1.32. Then they began to sell September wheat, until by September 1st they had driven the price down to 98 cents.

The farmers were then marketing their wheat, and it was against a price level thus brought about that they must sell.

American agriculture had in the great oats deal of 1906 another historic lesson in the true meaning of the speculative control of its markets.

New oats always command a lower price than oats of the previous year's crop. Up to July 20, 1906, only 41 cars of new oats had been received at Chicago. On that day the market was suddenly flooded with new oats. In the morning hours on the Board of Trade 115 cars were offered for sale, and the market under the pressure broke 4 to 5 cents. Since only 41 cars of new oats had reached Chicago, the mystery was where these offerings came from. Anxious inquirers finally learned that the flood had been released by the Peavey Grain Company and the Armour Grain Company, each operating grain-mixing houses. The Peavey Company had released 80 cars in the name of the Armour Company, and the Armour Company had released 35 cars in the name of the Peavey Company. These cars, on examination, were found to contain only a few kernels of new oats, all the rest being old. The profits were goodly to the operators, but the loss to the farmers was irreparable.[1]

The amount of gambling in grain in this country is enormous and unsuspected by the moralists, who are generally shocked at a faro layout and indifferent to this immeasurably greater evil. It was estimated in 1916 that the total of trading in futures on the Minneapolis Chamber of Commerce was 10,000,000,000 bushels a year, though the total receipts of actual wheat were only 300,000,000 bushels. In 1915 Samuel Hallett Greely, for a quarter of a century a trader on the Chicago Board of Trade, sold his membership that he might testify freely, and appeared before a committee of the national House of Representatives then investigating grain exchanges. He said that in his judgment, at the lowest estimate the trading in futures on the Chicago Board

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[1] Before the Interstate Commerce Commission. *In re Relations of Common Carriers to the Grain Trade;* testimony of H. D. Wetmore, member of the Chicago Board of Trade, November, 1906. See Senate Document 278 of that year.

("phantom grain," he called it) was three hundred times the dealings in actual grain, and this estimate was presently seen to be most conservative. He said he had seen in a single day twenty-five firms buy and sell 5,000,000 bushels each for future delivery. He described himself as only "an insignificant trader," but on many a day he had bought or sold 1,000,000 bushels and thought nothing of it. But from other sources it appeared that the total annual receipts of real wheat at Chicago were about 25,000,000 bushels, whereas a fair estimate from the day's trading showed annual dealings in about 17,000,000,000 bushels of "phantom wheat." The bulk and the profits of the business in "phantom" might be gaged from the fact that Chicago brokerage firms leased private wires to the Pacific coast at an annual rental of $100,000 each to carry their operations, and sometimes worked large forces of clerks and bookkeepers day and night to enter the bets they were making.

Willett M. Hayes, formerly Assistant Secretary of Agriculture, went far beyond Mr. Greely's figures. In an article in the *Journal of the American Academy of Political and Social Science*, entitled "Functions and Needs of Our Great Markets," he says:[1] "There is evidence that the really large speculative dealing is in wheat on the Chicago market. Estimates made some years ago indicate that 90,000,000,000 bushels of grain sales were made annually in Chicago," and in another place he says: "A very rough estimate places the money received from the people by exchanges (grain) and bucket-shop appendages in America alone at upward of $200,000,000 annually." [1]

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[1] P. [illegible].

It is apparent, therefore, at a glance that the speculative interest in the grain market incalculably outweighs the interest in the actual marketing of actual grain. If the business and function of the Minneapolis Chamber of Commerce were to provide a means whereby the buyers and sellers of grain might come together, we should see a totally different condition. The pretense of the Chamber is that it exists for this purpose, but it is a pretense that will bear no examination. Three hundred million bushels of wheat are received at Minneapolis annually. The commission for handling this is one cent a bushel. The total produce of this divided among the hundreds of firms and individuals operating on and about the Chamber would make but poor pickings. From no such sources could be built the great fortunes and imposing palaces of the grain kings of the Northwest. That is obvious; and the philosopher will not need to be reminded once more that the greatest and most ruthless of human of great have always pertained to the chances passions speculative profits.

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[1] P. 280.

Mr. Hayes says: "It is perfectly clear, however, that in the large the outside speculators and the producers and consumers, among them, lose money to a class of men that do not really pretend either to produce, to transport or to manufacture; and that they also [producers and consumers] pay the expenses of running an expensive speculating machine."

He overlooked the fact that this expensive speculating machine, as its wheel whirls and whirls like that at Monte Carlo, may sweep away from the farmer the fruits of a year of drudging labor. The plowing, the harrowing, the seeding, the cultivating, the harvesting, the threshing, the long journey to market with the staff of the world's existence, and all made of no avail because somebody has manufactured a cable from Buenos Ayres or a story about good weather in India, that the speculative machine may spin this way or that. But the farmer has not overlooked the fact; and nothing could be more preposterous than to suppose that, knowing it, he will always patiently endure it.

The committee of the national House of Representatives, to which I have several times referred in the course of this narrative, was left, after its investigations, with no uncertain impression as to the seriousness of this evil. It made in its report these pregnant findings:

> That it is the common practice of these controlling members [of the grain exchanges] by concerted action in these three great markets [Chicago, Minneapolis, and Duluth] offering or withdrawing enormous quantities of wheat at the public warehouses and terminal elevators and by concerted bidding and betting in the pit on futures, to depress or raise the price of wheat to suit the purpose of their gambling operations. . . .
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> That for each bushel of real wheat actually sold and handled in each of these terminal markets at least one hundred bushels are bought and sold in so-called future trading.
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> That the multiplied expense of all such future trading, as well as most of the profits thereof, must come out of the real wheat actually marketed.
>
> That the only part of the gains of gambling in wheat not borne by the farmer or the buyer is borne by men tempted to speculate in the pit.
>
> That the number of embezzlements, bankruptcies, and wrecks caused by gambling in wheat futures is appalling.
>
> That the members of the Chicago Board of Trade, the Minneapolis Chamber of Commerce, and the Duluth Board of Trade, through whom such gambling operations are made, cover and hide the record of the losses sustained by speculators and refuse to exhibit their books to the state officials whose duty it is to protect the public.
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> That the Chamber of Commerce of Minneapolis and the Board of Trade of Chicago, by virtue of a

large membership of wealthy men, closely allied with banking institutions, transportation companies, and with certain daily newspapers of their communities, exercise and control an unwholesome influence in local government and public opinion.

To this solemn indictment no answer has ever been made.

The point brought out by the committee concerning the refusal of these members of the grain exchanges to produce their books before competent authorities has had a corroboration from the records that should be set down here to warn us how strong is the spirit of arrogance begotten of such great power and unusual privileges.

In the course of the investigation by the Minnesota House Committee a point was reached where the accurate knowledge of certain transactions became necessary, and the counsel for the farmers present made this request:

> I think in view of the suggestion made that there is no necessary expense, middleman's expense, incident to the handling of grain through the operation and dealing in futures, under the Chamber of Commerce rules, practices, and so forth, I am going to ask the representatives of the Chamber of Commerce and the dealers to furnish proof by competent evidence of the total amount of money made by these men as commissions. First, commissions handling actual grain; second, commissions earned by virtue of the execution of future contracts [making contracts on the future];

and third, profits made by scalping in grain, and the total aggregate profits made by middlemen, standing between the producers and consumers. I am making this request, putting the burden on the Chamber of Commerce and the men that are defending the dealing in futures of showing by original competent testimony that it is not an unfair or unreasonable trade. I do not care by what means they show it.

This request was never complied with.

Later the committee, by a vote of its members, instructed Mr. Williams, secretary of the Clearing House Association of the Chamber of Commerce, to prepare a statement from his records showing the total amount of future transactions on the floor of the Chamber.[1]

This statement was never furnished.

A little later the committee instructed V. S. Ireys, a pit trader of Minneapolis, to produce his books and show his transactions in futures.[2]

These instructions were never obeyed.

The committee had previously demanded that E. L. Welch, one of the most prominent of the Minneapolis grain-dealers, produce his books for the year 1912 to show the amount of actual wheat his firm handled and the amount handled as futures.[3]

This demand was never complied with.

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[1] Investigation by Minnesota House Committee: testimony, p. 1331.

[2] *Ibid:* testimony, pp. 1451–1452.

[3] *Ibid:* testimony, p. [illegible]

Later, Mr. Welch was instructed to furnish a statement showing the profits and losses of outside traders through his firm as contained in its books.[1]

This statement was never furnished.

While Mr. Welch was on the stand this colloquy took place:

Question (by Mr. Teigen, a member of the committee).—Now is not this little side-show you have in the smoking-room an absolutely pure, simple gambling proposition?

MR. MANAHAN (of counsel for the farmers).—I think I covered that.

MR. TEIGEN.—You never got yes or no on it.

MR. MANAHAN.—You won't, either.

WITNESS.—I answered that it was to a certain extent.

MR. TEIGEN.—Can't you make a yes or no on that? No answer.[2]

When the Interstate Commerce Commission was investigating one phase of this subject it had before it Mr. F. R. Durant, described as the manager of the *Grain Bulletin*, a peculiar publication issued from the Chamber of Commerce and having a close relationship to the prices the farmers were getting for their wheat. The Commission was very curious to see some of Mr. Durant's books and papers. He never produced them because he averred that all had been destroyed.

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[1] Investigation by Minnesota House Committee: testimony, pp. [illegible].

[2] *Ibid.*: testimony, pp. [illegible].

This in especial seems a pity, because Mr. Durant must have been in possession of knowledge that would have cleared up some of the mystery in which the Minneapolis Chamber of Commerce operated. He was not only the manager of the *Grain Bulletin*, but of a combination of grain-dealers that seem to have had a close working arrangement as to the prices they would pay for grain. Being asked as to the functions of the *Grain Bulletin*, he said it was "a bureau for the furnishing of information to grain-dealers at country points —such information as is necessary to the conducting of their business." There were about eighteen members of the Chamber of Commerce that were in his organization, and these members and subscribers owned together 1,275 elevators through the Northwestern country, so it will be seen the information they received might be of great importance to them, and also to the farmers whose grain was to be graded and bought by these 1,275 elevators. Mr. Durant was now questioned more in particular about these matters.

Question.—What information do you send out?

Answer.—The value of grain at different country points based on what that grain will sell for in terminal markets.

Q.—You send the value at the country points?

A.—Yes sir.

Q.—Not in Minneapolis?

A.—No sir.

Q.—The value you send deducts the freight rate from that point into Minneapolis?

A.—Into Minneapolis as a general proposition.

Q.—Does it deduct the margin of profit?

A.—Yes sir; a maximum margin of profit.

Q.—Who determines that margin of profit?

A.—That maximum margin was determined when we first organized to give out this information. It was, as nearly as I can recollect, the consensus of opinion of the majority of subscribers.[1]

The meaning of this seemed sufficiently clear. It was an arrangement by which the prices the country elevators were to pay for wheat were fixed in Minneapolis (on the general basis of the wheel of fortune) and the elevators notified. Further questioning elicited the fact that there were also agreements to divide the grain that came in at the country stations.

Question.—Since your association was formed, what is the greatest number of points that have been affected by these agreements to divide the grain?

Answer.—I do not remember more than 125; perhaps 130.[2]

Nevertheless the nature of some of these operations seemed to be fairly well indicated by the following extraordinary document, which was now put in evidence:

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[1] Before the Interstate Commerce Commission. *In re* Relations of Common Carriers to the Grain Trade; testimony, p. 967.

[2] *Ibid.*, p. 969.

MEMORANDUM OF AGREEMENT AT WORTHINGTON, MINNESOTA

Effective August 1, 1909

H. E. Torrence,
Hubbard & Palmer,
H. N. Douglas,
Swedish Mercantile Co.,
Peavey Elevator Co.,
St. John Bros.

Each to receive one-sixth (1-6) of the entire receipts of all the grain handled at Worthington.

Prices to be made by H. N. Douglas, but are to be as nearly as possible on the following basis:

Wheat at 12 cents, and fraction off Minneapolis close. Oats at 6 cents and fraction off Minneapolis. Flax at 16 cents off Minneapolis. Corn at 10 cents off Minneapolis. Timothy seed at 65 cents per cwt. off Chicago.

Penalties[1] to be: Wheat, 2½ cents; oats, 1½ cents; corn, 2 cents; barley, 3 cents; rye, 4 cents; flax, 4 cents; timothy, 10 cents. Full rates of storage, as shown on standard storage tickets, to be collected.

Minimum dockage to be one pound a bushel,[2] and a sieve test to be made of all wheat showing over two-pound dockage. All parties agree not to pay over the list.

Closed houses to get one-half the penalty.

Statements to be rendered each week to H. N. Douglas, who is to report to F. R. Durant.

The books of any party to this agreement are to be subject to examination at any time. This agreement to continue in effect for one year from date. . . .[3]

That is to say, the grain-buyers of Worthington had formed a close corporation to control and divide all the grain that came into their town and to pay for it the price fixed by a secret conclave in Minneapolis. And these prices were the prices made by the gambling bet on the future or option plus a margin for profit determined in advance by the conclave of the Chamber of Commerce. Contemplating these astounding revelations, the wonder seems not that farmers found farming unprofitable, but that anybody remained on the farms.

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[1] For paying any other than these prices for grain.

[2] Apparently even if the wheat was perfectly clear.

[3] Before the Interstate Commerce Commission. *In re Relations,* etc.; testimony, p. 967.

The light thus thrown upon the grain business as it really was gives to the following letter a piquant interest:

MONTEVIDEO, MINN.,
October 15, 1906.

NATIONAL MILLING COMPANY,
MINNEAPOLIS, MINN.

GENTLEMEN,—We have your letter of October 12th and note that you have sent your superintendent of this line to Clinton to get the grain-buyers to agree among themselves as to what price to pay for grain. You certainly have our hearty approval, and I sincerely trust the buyers will be able to hold prices this year where we may be able to make a little money.

Yours truly,
MONTEVIDEO ROLLER MILL COMPANY.
By H. C. Stebbins, *Manager.*[1]

But the real taste of these revelations is to be had only by comparing them with the stories of combinations the farmers tried to form for their defense, with the story of the ruined or suppressed farmers' elevators, the long fight of the Equity, and the tragic story of the Minnesota Farmers' Exchange. Without the least bitterness one may say that combinations on one side seemed always to thrive and yield more profits to a business already fruitful; combinations on the other side met with uniform disaster at the hands of a power so great it could disregard law and defy what had always been regarded as fundamentals of life in America.

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[1] Before the Interstate Commerce Commission. *In re* Relations, etc.; testimony, p. 965.

CHAPTER X

SOME ADVENTURES IN PHILANTHROPY

ONE thing that to the farmer's substantial injuries added an incessant irritant was not of a nature to appear before investigating committees, and yet had a definite effect in bringing about his revolt. I have referred to it before as it presented itself. It was this constant easy assumption of politicians and lawyers of the governing class that he was only a good-natured rustic clown and could be hoodwinked indefinitely. I am not denying that the farmer brought some of this on his own head by persistently voting for somebody else at the polls and never voting for himself; but that did not lessen the sting of it. The professional candidate was always coming out of his law office about election-time to deal in the same time-worn flatteries, to shake ostentatiously the farmer's knobby hand, to slap him on the back and inquire with transparent eagerness about the health of his grandmother, and to pass from these employments to the making of laws that would rope him more securely. It was a condition not at all peculiar to North Dakota; it existed and exists all about the country. But the Northwestern farmer certainly had instances of it that seemed to him of a raw significance, and it is time we related some of these.

By 1913 the farmers of Minnesota had become weary of a system by which they raised wheat for the exclusive profit of other men, and they made a determined attack upon the legislature that they had helped to elect. They remembered, they said, the many kind words that had been poured into the porches of their ears by various candidates while the electoral campaign was on, and they thought the time was ripe to turn some of these golden phrases into the merchantable form of achievement. If the farmer was really such a fine fellow and so important to the world, there would be no objection to passing a few simple and equitable laws to protect him. So the Minnesota farmers determined to secure from the legislature the following reforms:

> A law to abolish the weighing frauds in the grain trade and compel the use of honest scales and honest weighing methods.
>
> A law to put a stop to trading in grain futures in the state and thereby do away with the system by which the price of grain at the country elevator in Minnesota

was determined by a bet made in Chicago and recorded in Minneapolis.

A law to compel the state grain inspection to mention in each inspection certificate what was the weight by the bushel of the grain inspected, so that the shipper might have a chance to know the weight assigned at Minneapolis and compare it with the weight assigned at the shipping point.

A law to put a stop to what is called "unfair competition" in grain buying, by which was meant the practice of the "line" elevators of paying extravagant prices for grain at points where the farmers had established their own elevators.

A law to give the shipper of grain a lien upon the membership in the Chamber of Commerce of the member to whom he had shipped the grain.

A law to tax transactions in grain "futures" if the law to prohibit this form of gambling could not be passed.

These were the measures requested by the farmers of the state of their representatives, the slappers of backs and liberal givers of promises when the election campaign was on. Not one of these measures was passed; not one saw again the light of day after it had been referred to a committee. In the dark recesses of committee-rooms each was quietly strangled.

At the legislative session of 1913, however, the farmers did succeed in securing one measure, or part of it, but even this they got because it was disguised to the casual eye. They had a cumulative grievance against the Chamber of Commerce, the product of a generation of costly experience. They wished to have the facts about the Chamber laid bare. In the House of Representatives, therefore, they introduced a bill that provided for a committee of members to investigate grain exchanges.

It was a time when the Equity co-operative exchange was under fierce attack by the Chamber and its allies, and this condition is held responsible for the passing of legislation that otherwise would never have gone through, for there was an impression that the measure aimed at the Equity. The committee was duly constituted and went to work. At once the fact appeared that the farmers had outwitted their opponents, for they were ready with a mass of startling testimony and furnished with an array of able counsel, and day after day they were turning up the history and operations of the Chamber in a way most painful to the Interests concerned. These made haste to slip through the Senate a bill constituting another committee to investigate grain exchanges. It was made up carefully and scrupulously of trustworthy reactionaries, and endeavored to negative, distort, nullify, or obscure every disclosure made before the committee of the other house. The result of all this was that for immediate effect the one balanced the other, and the farmers found themselves in the familiar position of defeat.

What is said here about the composition of the Senate committee is not to be taken as an assertion. It is the admission of the chairman of the committee. He said that he had selected the members after consultation with Mr. McHugh, secretary of the Chamber of Commerce, and with other gentlemen equally interested on the Chamber's side. The State Bar Association, the next year, marked its apparent approval of these things by making the chief counsel of the Chamber of Commerce its president and the assistant counsel its vice-president. Both of these had figured conspicuously in the proceedings before the Senate committee—a fact from which we can easily surmise where the heart of the association found its loyalty to lie.

Close upon the heels of this experience followed another that, though seemingly so small a matter, came to be regarded by the farmers, because of the manner of it, as an additional affront. This was an organized propaganda called "The Better Farming Movement." The farmers after a time charged that its sole origin was the fact that they were discontented and always becoming more discontented, and that Organized Great Business profitably interested in the existing order believed something should be done to distract their attention and make them keep still. The fundamental idea of this movement was that the farmers themselves were at fault if their business was unprofitable, because they did not follow the best methods in their farming. Therefore the movement kindly set out to teach them these best methods. If only right methods could be introduced, all would be well in the Northwest. The funds for this grand work of education were raised originally by subscription from banks, great lumber firms, grain-houses, railroad companies, agricultural-implement makers, and mail-order concerns, but later the legislatures were induced to approve of the project and to indorse an arrangement by which one-third of the expense was to be borne by the state, one-third by subscriptions among the farmers, and one-third by the business enterprises I have referred to.

Under this arrangement instruction in farming was to be provided at gatherings and assemblies through the country. The Department of Agriculture of the United States gave to the benevolence at least a tacit indorsement by allowing "Better Farming" circulars to be sent through the mails under the department's frank. After a time the farmers complained that the meetings to which they went with open mouths and thirsting souls, eager for instruction, were used to advise them to ship their grain to the Chamber of Commerce and for little else, except as a good, reliable advertising medium for the Chicago mail-order house most interested in this form of education. The revelation that this house had sent fourteen carloads of its catalogues to Fargo to be distributed by the agents of agricultural elevation caused a chill to go over the movement so far as the farmers were concerned. Also, the discovery that one of the milling firms equally inspired to the uplift was using the frank of the Department of Agriculture to distribute glowing circulars concerning the superior qualities of its flour served to complete the measure of disgust, and when the movement became involved in a scandal in the North Dakota State Agricultural College, a scandal involving distressing charges of graft and manipulation, "Better Farming" as a cult died away and the farmer was left to follow his own devices unenlightened by the kindly cheer of the Lumber or any other Trust.

But the fact had been noted, and long remained in the minds of many farmers as sinister, that local banks had been fervid supporters of the scheme. Taking their grain to market and calling upon the town bank to cash their elevator orders, they had generally been introduced there to "Better Farming." It was plain that this had been done by instruction from a common source, and the nature of that source could easily be guessed by any farmer that would glance at the Interests that were supporting the movement. Clearly enough, then, some banks were nerve centers of influence controlled by a gigantic and secret power concerned in maintaining the existing system intact; maintaining all of it, no matter how dishonest and vicious, the false grading of grain, the defective scales, the various pickers and stealers ranged in a long line between the producer and the consumer, all were supported by the average country bank acting on instructions from bigger banks that in turn were instructed by some concentrated authority representing an appalling power of heaped-up wealth. They recalled how often the same institutions had used the like influence to encourage the sending of grain to Chamber of Commerce firms, how it had discouraged co-operative and farmer movements, how it had often exerted a quiet but sure influence in politics. They reflected also that over the average farmer the average country bank held the pistol because it could at any time for any reason or no reason refuse to make to him the money advances by which he was able to carry on his business, and because behind all this still was the shadow of the mortgage, which the bank controlled. These lessons went home, and it may be well concluded that "Better Farming" did not teach much agriculture to the farmer of the Northwest, but it taught him other things not less valuable.

The last attempt of this kind to divert his mind from his complaints came in the fall of 1915, when the governor of North Dakota set apart one week to be known as "Appreciation Week," the time to be utilized in spreading the glad tidings of the many advantages, great happiness, and abounding resources of the state. The newspapers, practically all of which warmly applauded this idea, explained that unprincipled persons had been retailing slanders about North Dakota. These libelers had said that it was a state ridden by corporations and controlled by the railroads, that the farmer there was systematically plundered, that abnormal conditions forced upon him by these influences had made farming an unprofitable business. The state was suffering injury by these loathsome falsehoods. Many persons that might otherwise come there to buy farms and town lots were being kept away by such reports, and consequently the farmers were enduring heavy losses in the value of their farms. What was needed was plenty of boosting for North Dakota, the grandest state in the Union. "Boost, don't knock," was the favorite if slangy motto of these publications throughout that week, and it can be guessed whether the real-estate agents and dealers in farming property regarded the movement with enthusiasm. The understanding through the state was that the fervor to be aroused by such a dedication would be an efficient check to the growth of the Nonpartisan League, which had but lately been revealed to the machine politicians as a menace to their way of life. If this was so the hope failed. Instead of joining in a movement that might be thought to appeal so strongly to their sentiments, the farmers generally denounced it as a trick and went steadfastly on to perfect and extend their militant organizations, offensive and defensive. They would not budge for force or cajolery, and it is self-evident that only men sure of their cause and committed to it on a reasoned conviction will stand fast in that manner.

There was another portent that a wise politician could hardly have failed to notice. Many farmers made "Appreciation Week" an occasion to call attention to the awkward facts about the terminal elevator. Some of them said that the real slanderers of the state were the influences that had nullified the popular vote on this subject, and as it was plainly these same influences that now were calling for a chorus of joy, farmers had better use the week in extra work to redeem North Dakota from this evil sway.

Not long after they had a sharp reminder that these influences were still unregenerate, had lost no power and learned no restraint in its use. I have often mentioned the valuable scientific research work done at the North Dakota Agricultural College. In a conflict so fierce over vital issues like these, the work of the college could not possibly escape attack. It was accused of partisanship, although it had never done anything worse than to analyze bread and wheat and declare results. The president of the college was Dr. John H. Worst. Addressing a meeting of farmers about this time, he used these words:

> The remedy is in your own hands. If the laws do not suit; if the Constitution stands in the way; if public officials are not sympathetic; commanding 80 per cent. of the voting strength of the state as they do, farmers need not be told where the remedy lies.
>
> When farmers hint at organizing for the purpose of managing their own business, or even choosing from their own ranks Congressmen, governors, and legislators somewhat in proportion to their voting strength and vested interests, it comes with poor grace for certain other interests and professions to criticise, since they themselves have efficiently monopolised the offices in county, state, and nation for lo! these many years.
>
> Mr. Farmer, if you ever hope to enjoy justice in selling or buying, it will come mainly through your own co-operative efforts. As long as you depend upon the pretended friends of the farmers for emancipation from speculative intrigue, the bit will remain in your mouth.

Farmers often take for their profits what a manipulated or speculative market offers, without any regard for the law of supply and demand. For as long as the captains of industry have the power to fix their own compensation for services rendered, they will be generous to themselves and appropriate for their own use a part of the farmers' share.

President Yoakum of the Frisco railroad system asserts that the consumers pay $13,000,000,000 for what the producers receive $6,000,000,000. In other words, it costs $7,000,000,000 to distribute $6,000,000,000 worth of farm products. We know who receives the $6,000,000,000, but who gets the larger sum, the $7,000,000,000?

It would be folly to expect the originators of the present system voluntarily to improve it. If improvement is made it must come through the efforts of the producers themselves, moved by the same selfish impulse for profit-making that originated the present system.

To make progress farmers must stick together. The general belief prevails that farmers will not stick together. Farmers themselves have come to believe this fallacy. This is not at all surprising, since this doctrine has been most vigorously promulgated by those interests, political and otherwise, which are best served by cultivating individualistic instead of co-operative effort among farmers. Farmers, therefore, must organise.

The college was under the control of the state administration, which was the product and exponent of the old political conditions in North Dakota, had zealously supported "Better Farming" and proclaimed "Appreciation Week." It is hard to see what there was in these remarks that was improper or blameworthy, but for making them Doctor Worst was removed from his place at the head of the college. There is no doubt that this act of apparently wanton arrogance, coming on the heels of the call to universal "Appreciation," deepened the farmers' resentment and gave to them an object-lesson they did not fail to understand. The power of the state, seized long ago by the Interests, went even to the length of gagging or punishing any person that objected to it.

CHAPTER XI

WHAT CAME OF ONE FARMER'S RUIN

I HAVE set down in the foregoing pages some citations from the records of a condition strange in any republic, and most strange in ours. Doubtless every reader that honors me with his attention will see that I have given only a few of the possible illustrations. The material at hand extends into hundreds of volumes in courts, legislative bodies, and the document-rooms of Congress, where it may easily be pursued farther by the curious. But what is set forth here is enough to show why in one of the most fertile regions of the world, with every advantage of accessibility and great markets, farming was an unprofitable calling.

So little does one part of the continent know of another and, even when neighbors, so little do men of one vocation know about men of another, that outside of farming itself everybody believes to the contrary about it. Especially since the beginning of the war the joy of the agriculturist has been supposed to be full, or he must be an insatiable cormorant. Very few of the persons that cling to this belief would be willing to undertake the farmer's career for themselves, and probably not one would care to sustain life on the average farmer's margin, but this never discourages the genial faith in abounding rural prosperity.

But all the time the truth remained, and everybody that cared enough for it might easily so find it, that the farmer alone, of all classes in the community, must sell always in a wholesale and buy always in a retail market, and therefore, when the retail market was unreasonably raised, as from 1914 to 1919, he necessarily must suffer most. But this was only the beginning of the Northwestern farmer's evil lot. It must be apparent from what has gone before that this farmer must sell his product to a great and wonderful organization designed to make his selling price low and equipped with almost unlimited power to that end; and he must buy whatever he bought from great and wonderful organizations designed to make his buying price high and equipped with almost unlimited power to that end. A farmer confronted with these vast forces was in a state so utterly impotent that he seemed like a figure of fun. A straw in a cyclone, a cockle-shell in a tidal wave, a leaf tossed over Niagara would have as much chance. The crude illustration that was so often used in the Northwest was apt enough, after all; he was like a man roped and thrown while a procession of armed men picked his pockets and took his watch.

These oppressions contradicted all the traditions and impulses of the race. In spite of occasional symptoms to the contrary, Americans are, of all peoples on earth, the most jealous of their liberties. You cannot have generation after generation imbibing in childhood the stories of the American Revolution and revering above all others the men that rose against the suggestion of tyranny without having in the end a people that will look upon all kinds of tyranny with the same hostility. I have heard speaker after speaker in farmers' meetings in the Northwest liken their cause to that of the American Revolutionists and make out a reasonable case for the argument; and I have observed that nothing else they said aroused so much enthusiasm. Showings of the losses in dollars and cents that the farmers suffered because of the existing systems seemed, by comparison, to mean little, and it was safest of all to predict a revolt in the light of that singular fact. Something more was stirred in men than the property sense; they had gathered a fixed idea that the forces controlling their affairs were fundamentally unrighteous and un-American, and when that point has been reached anywhere in this country there was never but one result.

Therefore, any person that knew the American psychology would say at once that there would be farmers' organization after farmers' organization until one should arise powerful enough to cope with these conditions; and any person that knew the history of reform would say as surely that when the revolt came it would be declared to be conducted by bad men.

For that is the inevitable rule of life. Good men, or those deemed good in the literature of their day, never revolt at anything. Without exception, every social or political reform has been effected by men whose motives and acts were fiercely assailed in their own generation and lauded by all mankind in the generations thereafter. No man ever attacked a vested wrong and escaped picturing in his own time as a depraved and dangerous person. Sometimes such men have lived to see their innovations embodied in the practices of civilization, and sometimes they have died on dung-hills, but sooner or later the triumph of their ideas has usually come about.

John Wilkes was pilloried to all England as a monster of wickedness, but every reform he advocated was adopted within a hundred years of his death. William Lloyd Garrison was dragged through the streets of Boston with a rope around his neck, but hardly another name in American history is more respected to-day. As late as 1861 Wendell Phillips had to be protected by armed volunteers across Boston Common because of a speech he had made in Tremont Temple in favor of human liberty; there is now a great monument to him on the ground he trod that day. If Washington had failed he would have been in history worse than Jack Cade, for all the English descriptions of him in his own time represented him to be a howling demagogue, abounding in wickedness and infamy. Giordano Bruno was burned before an applauding mob, and organized society in his day believed itself well rid of a pest; but one of the most beautiful monuments in Rome marks the spot where he died.

It is so about great things and little. When Samuel Plimsoll was toiling for the safety of sailors other men thought first that he was crazy, then that he was a nuisance, then that he was a demagogue and a dangerous person, full of devilish plots against the maritime system that had made England great. When Samuels tested the British intolerance against the Jews, prominent journals denounced him and people spat upon him as he passed. They honor his memory now. The name of Thomas Jefferson was covered with abuse because he led a revolt against the settled institutions of his day; monstrous stories of immorality were invented against him; some of them stuck for years after his death and long prevented the just recognition of his services. Charles Sumner underwent the same fate; there has been even within a year a recrudescence of the lies that clouded his fame. The Populists were hooted and jeered from one end of the country to the other; most of them lived to see most of their doctrines adopted by the great political parties. In England the Chartists were hunted down and imprisoned; almost the whole Chartist program has since been made into English law.

In whatsoever manner or in whatsoever form of organization the Northwestern farmers might have revolted, so soon as their revolting movement attained to proportions that threatened intrenched Privilege, it would have been assailed on moral grounds. Men in great numbers that freely admitted the basic justice of the farmers' cause would have vehemently decried the tactics that the farmers pursued. Whatever these might be, they should have been something else. Exactly as men say they are in favor of the right of workers to organize, but are opposed to the unions, so in regard to the farmers similar minds would say they knew the farmers had been badly treated, but this was not the way to redress their wrongs. If the farmer had confined his efforts to the economic field, he would have been told to go into politics. If he had tried to win free by political action, he would have been instructed to use only his economic power.

The philosophical expect these things always and are not much swayed by them. What is said of men that seek reform is not of much importance. The reform is the only thing that endures or is vital. No achievement of the human mind is easier than to impugn motives, and actions the most unselfish are the actions most readily misrepresented. Nothing counts in the long run but results. Troops of angels do not now come down from heaven to set men's grievances right; human injustice is fought by human means. I have spent much time in the Northwest studying the troubles of the farmer there, and it always seemed to me that the attacks on the men that were trying to bring about better things were of the truly traditional type—the assailants were merely repeating familiar history, and no one need take overseriously what they said.

The organization whose rise I am now to relate has been savagely attacked; I shall not try to avoid or conceal that fact. Very likely because of these attacks it is now discredited more or less in the minds of those that read about it. I am not to appear in any way as its defender or apologist, because that is not my business. It has effected the greatest revolution ever known in American farming; it has within certain territory abolished or greatly lessened the evils I have been describing, and that seems to be enough to make it worth writing about. And the more so because the farmer's troubles—although we seldom suspect it—come home every day in the expense accounts of every one of us, no matter how far we may be from a farm.

This, then, is the story:

Beach is a town in western North Dakota where land used to be cheap and settlers few. In 1913 a young man with a great idea came to Beach and took up some of this cheap land. He had been studying soils, climates, and conditions, and it seemed to him that for that part of North Dakota flax was a better crop than wheat. Also, he had been studying the markets, and he had convincing figures to show that at the existing prices the growing of flax must be profitable.

He took prairie land, hundreds of acres of it, and started to break up the tough virgin sod. Prairie-breaking is about the hardest of all hard work known to human endeavor. This young man brought his brother with him, and the two were so confident about flax at the market prices that they did not hesitate to go heavily into debt for the farm machinery and other equipment they wanted. They bought tractors and gang-plows and seeders; they hired men and ordered supplies, and, in the expressive Northwestern phrase, they tore into the stubble.

No men ever toiled harder. The tractor and the gang-plow worked incessantly. One of the brothers operated these machines all day and the other all night. With a great search-light mounted on the front of the tractor, night was as good as day for their purposes.

When they had plowed, harrowed, and planted, they looked forward confidently to profits that should prove their judgment good and sound. They had reason; flax was a staple in the world's list of products. But when the harvest was made they found themselves ruined. That was the plain fact, though strange enough. Unseasonable weather had something to do with bringing on their misfortune, but not all. The earth had done her part, and they, her unfortunate partners, had done theirs. They had planted and the earth had yielded, but between the harvesting and the marketing a combination gathered around the wheel of fortune at Chicago had driven down the price of flax below the actual cost of production. The partners owed for their machinery, for their living expenses, for money they had borrowed on various accounts.

They waited a little to see if the market, now manipulated downward, might next be manipulated upward again. No such change appeared, and they gave up and were sold out, going forth from their farm with scarcely the price of a sandwich between them.

The older of the brothers was Arthur C. Townley, a native of Minnesota, where he had been reared on a farm and taught in the local high-school. He had traveled widely and observed much, sometimes as a land-seeker, sometimes as a journeyman plasterer, for he had managed somehow to pick up that trade with other branches of human knowledge. Farming he knew, probably as well as any one that followed it—scientific and practical farming. From the beginning he had been on conviction enlisted against the various Interests that found the conditions I have described the source of their profits. At one time he had joined the Socialist party as an available means of protest, and had been a speaker in its service, but, accumulating a disgust for its methods and a wise prevision of its futility, had left it.

He was now ruined by a manipulated market and sat himself down to consider why the ruin and what could be done about such disasters. Thousands of other farmers had been ruined in the same way; under the existing conditions still other thousands would walk the same road into the same pit. It seemed clear to Townley and to A. E. Bowen, a friend of his who shared his views, that there would never be a way for the farmer to win clear and have a chance at a fair return for his labor until he had put forth his power politically and obtained control of the machinery of the state government. The state was able to prevent most of the pilfering that kept the farmer poor; able to, and bound thereto, if laws and the American theory of government amounted to anything. He saw very plainly that most of the impositions practised upon the farmer existed only because the state protected them. It was, for instance, perfectly easy to remedy the crying evil of false grades if the state honestly set forth to remedy them. The state could put a stop to extortionate money rates, false scales, the tyranny of the railroads, the lawless combinations that fixed prices. The state could come to the relief of the roped man of the favorite illustration. Instead, it only held the door shut against any one that wanted to help him.

Every year the same influences nominated the same kind of men to office; every year the voters had the same choice of these or nothing. All the world knew well enough what were the influences and what the men represented. In office they were bound absolutely to do the bidding of those that had put them in. The railroads, the "line" elevators, the great grain and milling companies, the banks, maintained a political organization that ruled the state like a satrapy.

To think of combating this condition by forming a third party was idle dreaming. That experiment would have in North Dakota always the result it had so far had; at the end of it the System would be the stronger and the farmer's lot the worse. Besides, it was a fiction that North Dakota or any other state or the United States was governed by a party. The party was only a name. State and country were governed by influences that combined back of the parties, so that no matter which party might win at the polls the real control would be the same. The secret of power lay in that party control. In North Dakota the railroads, the elevator companies, the millers, and the banks had exercised that control by directing the state conventions so long as these made up the party tickets, and then by dominating the primaries when these supplanted the conventions under the newer laws. The heart of the whole great machine was the control of the primary; the primary selected the candidate, and if the candidate was of the Interests' picking he would do the Interests' will in office—always, unquestioningly, whatever that will might be.

Yet if only enough farmers would agree to stick by one kind of candidate in the primary they would assuredly wrest the state into their own hands and could pass what laws they might wish.

For more than a year the bankrupted Townley moved about North Dakota, turning these things over in his mind and talking with farmers about them. He found a universal disgust with the iron terms held out to them by the Interests that controlled the grain market, a general readiness to do something against those terms, no distinct notion of what could be done. But the more he traveled and talked the more clearly he saw that the control of the primary was the essential of victory, if victory there was to be.

Much of his traveling was done on foot, he being too poor to proceed otherwise. On some days he walked thirty miles, for he is a lithe, spare man, all muscle and endurance. As he walked and talked a new agrarian movement took shape in his mind.

The state is in area one of the largest in the Union, and compared with some others is sparsely settled. To attempt to organize it was appalling. The farmers had been approached (and stung) by so many plausible and talented persons with grand schemes, from the regeneration of mankind to a new kind of pump, that they had come to look upon every stranger that came into the barnyard as a probable bunco man. Very few of them had ever heard of A. C. Townley, and he had no way of securing introductions to them. Nevertheless, he found himself, in February, 1915, at the little town of Deering and telephoning to F. B. Wood, seven miles away, asking for an interview.

F. B. Wood was, and is, highly esteemed in North Dakota for probity and judgment. He had been one of the pioneers of the Equity movement, wherein he was a high officer, so that the farmer's struggle was no novelty to him; he knew all about it from long experience.

He expected Townley would appear the next day. Instead, as quickly as a thin, active man could walk the seven miles over the snow the visitor shoved into Mr. Wood's house and held out a sinewy hand.

"What the devil are you doing here at this time of the year?" was the greeting he got. Townley started on his narrative and Mr. Wood listened without enthusiasm, for this was about the thirtieth man that had told him how to save the farmer. Still, as this man talked, Mr. Wood, watching him narrowly with a cool, blue eye and a naturally shrewd mind sharpened with much dealing in a practical world, began to see that he was different. Believers in the comfortable, dull-clod theory about farmers should have seen this meeting. Mr. Wood did not take readily to Townley's scheme because he believed that in time the Equity's plan of co-operation would prove all that the farmer needed; and he did not take quickly to Townley himself because he had been tutored by experience to a low estimate of any man that came to him to talk politics. Such a man could have but one motive, which was for his own advancement; whereas Mr. Wood had long before seen that the North Dakota situation called for men that thought of the cause as everything and themselves as nothing. Nevertheless, he found his visitor interesting —eyes as cold, shrewd, and steady as his own, a long, clean-shaven, aquiline face, a strange, abrupt, pointed, rather explosive manner of talking, but a power of making what he talked of perfectly clear, a power that amounted to a rare gift. Moreover, he was endowed with a persistence that seemed damnable, rugged eloquence, and (what you would scarcely expect from his other endowments) a sense of humor, sometimes cynical and sarcastic, but never exercised about any subject except this that overshadowed everything else, the emancipation of the farmer.

For two days Townley held on, obstinate, indefatigable, resourceful. He had not turned this thing over and over in his mind as he walked the lonely roads and prairie trails of

North Dakota without accumulating a reservoir of facts and pungent arguments. He had decided upon what was necessary to be done, and clenched his long, lean jaws on the task of winning F. B. Wood to it. There were two sons in the family—fine, intelligent, upstanding youths—and when the father seemed loaded with about all of Townley he could digest, the tireless enthusiast turned to the sons. I tell you the thing as it happened without trying to dramatize a homely but critical incident. At the end of two days' siege the family surrendered. Mr. Wood fired up, and the sons were electrified. The next morning Howard Wood, the elder of the sons, loaded Townley into the family Ford and went up the road with him to talk to another farmer. They had formulated a pledge or promise that all the Woods had signed, and they now offered it to the neighbors. The first day, thanks to the Ford, they were able to see nine men, and got them all. In six days they got seventy-nine, and had not a refusal. If any tiller of the soil seemed hostile or unapproachable, they took him in the automobile for a spin down the road, and both talked to him until they won him over and he signed.

They went on thus until they had three townships in that county organized. Every man that signed had to contribute his dues, and I give it as an illustration of the financial condition of the region that with all these signatures they had not collected a cent of money. Every farmer had paid in a post-dated check; that is, a check dated the following October. It was February or March, and the farmers had little money, and would have little until they should sell the next wheat crop. Therefore, the enterprise now ran upon its first shoal. The projectors had no funds and the gasolene was all gone; they had used up all there was on the Wood place and all they could beg or borrow. Howard Wood met the emergency in heroic fashion. He made out a note for twelve hundred dollars; they took it to the bank, got it discounted, and with the proceeds bought two cars and a supply of gasolene.

They had three cars running now and post-dated checks falling in like the snow. Townley saw that with money his plan was certain to succeed. F. B. Wood and his busy sons called a meeting of farmers at Glenburn; all the agitators talked to it, and that meeting subscribed nine hundred and twenty-five dollars, on the strength of which Townley was able to secure two more cars and to send his friend Bowen in one of them to wake up another part of the state.

The Farmers' Nonpartisan League was the name he had chosen for his organization. He had conceived another idea that I submit only a born leader would have thought of or dared to carry out. It was to fight money with money; to raise a fund large enough to make an effective campaign against the unlimited resources of the other side, and to get this from one of the poorest communities in the North. He had the audacity to make the annual dues six dollars—at a time when nine-tenths of those to whom he must appeal were poverty-stricken strugglers against bankrupting money rates and ruinous market conditions. To ask the new members to give so much as one dollar for a new and not very alluring excursion in reform seemed a desperate chance. Townley had the wit to perceive that he could hope to get it only by offering something tangible as well as the distant prospect of better conditions. He, therefore made the six-dollar fee include a year's subscription to the last progressive magazine left in the East, and a year's subscription to the organ of the Nonpartisan League when that should be published.

Even with these inducements the success he met with seems phenomenal, and plainly shows to what desperation the farmers had been driven. They knew nothing about Townley; for all they knew, he might be only another variety of the swindler that had so often tried to fleece them; another kind of lightning-rod or driven-well or stock-food schemer. On all sides it is admitted that Mr.

Townley has an unusual gift for organization. To this must be added unusual powers of persuasion, but far beyond these he must have had a cause of enduring vitality or he could never have made his phenomenal progress through North Dakota. In a short time he had many organizers at work enrolling members and taking subscriptions on commission.

This feature of the work has been much criticized, but I do not know how else it could have been done. The canvassers received a percentage of the checks they collected, and it seems to be the view of the critics that they should have done the work for nothing. I may note here that all these critics are and were opposed to the forming of the League, anyway, and it is likely that if the service had been gratuitous they would have discovered some other fault in it. There may be men that could afford to give freely, in a spirit of beautiful altruism, the time and hard labor necessary to secure these members, but assuredly they would be men that would not know how to address the farmers of North Dakota, in the first place, and would not care to do it, in the second. The farmers' cause was a poor man's cause; if it had been a rich man's cause there would have been no need to seek enlistments for it; and being a poor man's cause, those that gave their time to it must have their *per-diem* revenue or starve.

CHAPTER XII

THE FIRST VICTORY

IN a short time Townley had 10 automobiles rolling through the state, with canvassers inside of them taking subscriptions and enlisting members; then 20, then 40, and then 60. He bought machines, ran in debt for them, chartered them, borrowed them. Steadily the figures of membership went up. By July he had 10,000, and when in September the League's newspaper, *The Nonpartisan Leader*, made its first appearance, it had 22,000 subscribers, every one of them a member of the League.

It was about this time that the old-school politicians of the state woke up to the real nature of the work in hand. After all, some advantages pertain to obscurity. Townley? Townley? Who in the devil is Townley? the machine-leaders had said when they heard vague reports about a new organization slowly forming in the state. Nothing was more familiar than farmer organizations; the junk-heap was littered with their remains. One more might add to the gaiety of nations, but would never threaten those that had sat so long in the seats of the mighty they had come to believe the seats their own. With the appearance of the *Leader* they awoke with a start. Twenty-two thousand members in about seven months were too significant to be ignored. In their own phraseology there was something doing, and from that moment on the League, bursting into sudden publicity, was obliged to fight its way inch by inch.

The first device was to try to prevent the farther spread of the movement. Newspapers in the state that were owned, controlled, financed, or influenced on the side of the coterie known as the Old Gang, vehemently warned the farmers against what they termed "a band of swindlers now traversing our state and defrauding our farmers through subscriptions to a mythical new political league," and the name of the "Six-dollar Suckers" was invented for those that had already yielded to the siren song of the adventurers. All such were daily advised that they had lost their money, and others not yet approached were strongly urged to take down their fowling-pieces if they saw the League canvassers driving into the yard. Under these incitements many canvassers of the League were arrested on charges of conspiracy to obtain money under false pretenses, and some of the members, becoming panic-stricken, wrote in to withdraw their subscriptions. I was in the state at this time and could not well fail to observe two facts. The attempt to stampede those already signed fell short, although it was well planned and zealously carried out. When sifted down, the number of the frightened compared with the number that stood steadfast was so small that everybody laughed at it. And next, the campaign of the opposition was not really injuring the League, but in a way helping it. I saw, for instance, scores of letters from new members ironically exulting in the fact that they were "Six-dollar Suckers," and expressing the belief that the supply of such suckers would not run out so long as the present conditions existed, or some comment to the like effect.

To any one that knew the state fairly well this had much meaning. It had always been, as Doctor Worst said, the jocular assumption of the old-school politician that the farmers would never unite. Perhaps rosy-hued hope had much to do with this bright thought: if the farmers ever should unite, of course the old-school politicians would be without employment, since 80 per cent. of the state's population was engaged in farming. In truth the existing control of the state was a most absurd and illogical thing, and every intelligent man knew that it was so. The government was conducted by lawyers, an element constituting a fraction of 1 per cent. of the population; farmers constituting 80 per cent. had nothing to say about the business. Even the lawyers, again, could not be said here, as in some regions, to be chosen because of superior wisdom or skill in lawmaking. On the contrary, they were chosen by the railroads, the elevator companies, the millers, and the banks (all of these being Interests outside of the state), and by these chosen because of their superior ductility in the hands of those that had chosen them.

It is hard to deal with these things without seeming to be partisan or bitter, and I have no impulse to be either. The facts, as learned by every fair-minded person that investigated them, were much worse than I have indicated, so that North Dakota was a political grand-duchy with a governing class as rigid as the nobility in a German principality before the war. This anomalous condition of rule by the minority was possible only because the farmers had always failed to vote together. On any appearance of union among them the whole structure of corporation government would have blown up. Therefore, the alarm of the old-school politicians was natural and well founded when they beheld a union of farmers that could not be terrified, but that manifested a grimly fixed purpose to rule, and it is from this time that one may date the discovery already mentioned that the men conducting the League were of bad character.

One of the charges brought most industriously against it was that its affairs were not democratically directed. I observed this to be urged violently by persons that had never otherwise shown the least concern for democracy and by some that habitually sneered at it. Yet I can never pretend that the charge was without foundation. The League was managed much after the example of the great corporations that it must do battle with. The direction was mainly in the hands of a few members; the president, who was Townley, and an executive committee of four other persons assumed the duties of leadership. The natural assumption was that this was done to gratify a lust for power. Among this mortal race of ours motives are complicated things, and about all we can be sure of is that nobody does anything for but one reason. I think it quite likely that Townley enjoyed the fact that he was president of the League. If the founder and builder of the thing had no such sensation he would not be human.

But the main reason went far beyond this. If the League was to do anything to lift the load from the farmer's back it would have to fight a long, desperate, and doubtful contest with the wiliest, most resourceful, most powerful, most ably generaled corporations in the United States. They would be supplied with unlimited money, with an army of spies, adroit lawyers, another army of agents, a large part of the press. Democracy is the soul of progress and the hope of the world, but to hurl against the might of the corporation an association of farmers wherein all should be generals and all maneuvers debated at the street corners would be to attack a great and well-disciplined army with what Bismarck once called a mob of fighting persons. When the enemy approached in attack it was useless to send against him a company of naked gentlemen armed with bows and arrows. They might be as democratic as heart could desire; they would be rolled up in that unequal combat. Only two or three commanders would know the plans of the enemy; all the world would know the plans of the League; and what was at hand was essentially war.

North Dakota's next general election would be held in November, 1916, with the primaries coming in June. The control of the state would be decided at the primaries. Whomsoever these might choose in June would be elected in November.

A state convention was called to meet at Fargo and nominate a state ticket. It consisted of one delegate from each legislative district, who had been chosen by a legislative district convention consisting of delegates elected at precinct meetings of League members. Much complaint was made of this system—by persons outside of the League—on the ground that a slate had been prepared in advance by the insiders, and the convention was nothing but a rubber stamp. This was called boss rule and likened to the practices of Tammany Hall and other horrible monsters of our political dreams. I could never find a member of the League that seemed to feel his inalienable rights had been thus denied him, and certainly the voting along the line for district and state delegates would seem to give an adequate chance to anybody that wished to smash the slate.

In the main the work of the state convention was well done, and justified the slate system, if that is what was responsible. It picked as the candidate for governor a remarkable man that certainly would have remained in obscurity to the end of his days if a pure democracy had reigned in the League method. Almost unknown was this reserved, scholarly, university graduate living upon a farm about nine miles from any given point, a sturdy, level-headed person whose previous ambition had been to be a good citizen and cultivate the soil with scientific skill. The executive committee heard of him in the midst of a consideration of twenty other candidates, and was so much impressed with the accounts that it sent hot-foot after this wonder. It found him a perfect Cincinnatus, although unconscious of the fact. Clad in overalls, he was steering a load of fence-posts over the bleak prairie, and wound his reins around the handle of the brake when he stopped to greet the messenger summoning him instantly to Fargo on grave business.

His knees knocked together when he finally grasped the fact that some persons wanted him to be governor; he had never made a public speech in his life. Whatever divination led the committee to his gate was in this respect soon verified. There were in him all the time the makings of an effective, easy, and forceful public speaker that would have persisted unknown to the end of the chapter but for this circumstance. The campaign was still young when he had forgotten all about his fears of the platform, and could stir an audience as well as any of the old hands at this recondite art. Character was a great asset in his campaign; his neighbors profoundly respected him as one with an unblemished record for straight, open dealing with all men. Next to that was what you might call his stage presence; he was well set-up, with the frame and healthy color of an athlete, which was not strange, seeing he was an old football-player; Lynn J. Frazier was his name; none of those that were in college with him was likely to forget it.

With the candidate for governor picked in this manner there was offered to the voters a full state ticket, including candidates for justices of the supreme court. We have no need to conceal the fact, this being a summary of its work and not an advocate's brief, that the management made many errors. Nothing else was to be expected. Not one of the executive committee, which did the most of the steering, had any experience in public affairs or pretended to any great skill in the judging of men. The candidate for lieutenant-governor, a storekeeper named Kraabel, was ill-chosen, and in later days sorely plagued the League. In the way of practical wisdom the choice of the candidate for state treasurer was an error, although the man was able and perfectly honest. But he had an Irish name, the opposition succeeded, through some unscrupulous maneuvers, in befogging and distorting the real issue with questions having naught to do with it, and the man that eventually ran against him was popular and had a good old Swedish name.

Nearly four thousand persons from all parts of the state came to a mass state convention at Fargo, April 1st, and indorsed with joyful cheers the selections that had been made.

The League had now forty thousand members. It was no longer a movement to be ignored or sneered at. Forty thousand farmers voting together within the dominant party could control the state, and every politician knew that fact only too well. For you must understand that the state ticket acclaimed by this convention related with the one exception of the state treasurer to the Republican primaries in June, and the nominations amounted to nothing but this, that these candidates were recommended to the Republicans of the state as the best to be voted for at those primaries. This point is important because the whole of the League's tactics swung upon it. The League was never a political party. It was and still is no more than an organization to secure the nomination of candidates whose convictions are, or are believed to be, in harmony with the program of the League. In other words, the farmers had adopted Townley's idea that the mastery of the primaries was the mastery of the state and were acting definitely and deliberately upon that principle.

It was now applied to the selection of candidates for the legislature. Each county (or legislative district) had its convention, and these conventions, chosen by precinct caucuses, had the task of making the selections for representative and senator. I should explain here that the term of a state senator in

North Dakota is four years, each senator serving through two sessions of the legislature; but a representative holds office only two years. That is to say, the entire lower house is elected anew at every general election, but only one-half of the senate. This fact had an important bearing, as you will soon see, on the first experiences of the League.

I spoke a moment ago of the program to which the candidates were supposed to be committed. Hereafter persons that go over these records will be much puzzled to account for the violent outcry that was made over this. For when all was said and done, what was it that was denounced as subversive of society, as violent revolution, and the rest? Principally the carrying out in a republic of the will of the people as expressed at the polls. Here is the printed program that was submitted by every canvasser of the League to every farmer whose support he asked; the original document that every member signed and thus accepted after it had been read and discussed to him:

PROGRAM

State Terminal Elevators, Flour Mills, Stock Yards, Packing Houses, and Cold Storage Plants.
State Hail Insurance.
Exemption of Farm Improvements from Taxation.
State Inspection of Dockage and Grading.
Rural Credit Banks Operated at Cost.

There followed on the pledge these comments:

> North Dakota farmers LOSE MILLIONS OF DOLLARS EACH YEAR.
>
> We can SAVE as much of this as our Organization compels the MIDDLEMEN to GIVE UP—THE STRONGER WE ORGANIZE THE MORE WE CAN KEEP.
>
> Therefore, we the undersigned, to secure the enactment of such legislation, each pledge ourselves to aid and support the work of organization by paying an amount equal to seventy-five cents per month or nine dollars[1] for one year. This sum to include cost of organization, subscription to *Pearson's Magazine* and *The Nonpartisan Leader* (official paper of the Farmers' Nonpartisan Political League) and membership in the League to December 1, 1916.
>
> It is understood and agreed: first, that the work of organization and investigation herein contemplated is to be carried on by and under the supervision of an executive committee of five men; second, that the members of this League will use their best efforts to secure the nomination and election of men for office within the state, whom the investigations of this League show by conviction, record and conduct do approve and will support legislation necessary for the purposes above expressed.

This would seem to be about as lucent as plain speech could make it. Also it was about what the average farmer was thinking. Hardly six months had passed before a special campaign was made against it by visitation, personal effort, addresses, and the ceaseless efforts of a large part of the press; yet scarcely any farmer that ever signed one of these pledges averred he did not fully understand or approve of what he had signed.

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[1] The original dues of six dollars were increased to nine dollars as the work of the League broadened.

The only innovations in this program likely to disturb seriously the peace of the conservative-minded were those connected with state enterprises. But the people had voted for state elevators and state hail insurance, and the state flour-mills and packing-houses might be deemed a tolerable experiment if the state was to have its elevators. Wherein the other reforms could be viewed by reasonable men as "anarchistic," "of the torch and ax," "extravagant," "destructive," or "vilely radical" I think no one will be able to say, but all of these terms and others still worse were applied to them. You would have thought that North Dakota had been invaded by a band of furious, ravening, uncouth savages bent upon the uprooting of civilization itself. I assure you that statement will seem no exaggeration to any one that will take the trouble to read the press of the Northwest after it had been successfully awakened to the fact that the League was likely to carry the state. A majority of the people, American citizens, purposed to exercise their constitutional right to govern, and at the bare idea the foundations seemed to rock.

But the real cause of the excitement was not that the majority purposed to govern, but that the minority was likely to be dispossessed, and that with the passing of this abnormal condition there might pass also the whole golden network of privilege and profit that had been woven around minority control. It was this that caused the shudders and contortions of horror, not the palpable fiction that the farmers' organization was a hideous monster from the anarchistic lairs of fetid Europe, bedecked with horrible red flags. Behind the farmers appeared the likelihood that some day false grades might be abolished, wash sales eliminated, and the mixing-house might cease its wonders to perform. In plain terms, excessive and long-enjoyed profits were put in peril, with the true historic result.

Since we are on this subject we may as well have the whole truth and own that something also is to be allowed for the fact that the System had come to have a certain powerful support in the feeling of social caste. There were those that could have no direct interest in the dividends at stake yet looked upon the League much as the dukes and fine ladies looked upon Jack Cade's rebellion. Low, inferior creatures were rising against those of the better station, to whom God in His wisdom had committed the property interests of the nation and likewise its lawmaking machinery.

You will find to this day, in every city of the Northwest, a certain element that opposes the League on exactly this impulse. The farmers always had submitted to the guidance of those that knew what was best for the state. Were they going now to upset this pleasant arrangement like a bull thrusting a horn under a parterre?

For these causes and others, like the dissolving of the chances of personal ambition before the eyes of many a politician of the old school, the League, from the moment it revealed its strength, was fought with a relentless energy that often amazed the onlookers, and with a variety of skill and resource that in a long experience I have not known to be surpassed anywhere.

At this first state convention, for instance, no time was wasted by the opposition upon ancient and familiar tactics. No attempt was made to convince the farmer that all was really well with him, and he had no just cause of complaint. Instead, the assembly was swept with a succession of rumors cleverly designed to awaken alarm or to cause distrust of the League. The most of these related to the legal aspects of the case. Good lawyers were said to have declared that the League was wholly unlawful and its candidates could not be admitted to the official ballot. An action was about to be begun against Townley and others for obtaining money under false pretenses, since the organization was a manifest fraud. Newspapers declared that the League officers would be arrested in open session of the convention and their books and papers seized as the property of an illegal body. The League was a copartnership; hence all its members were responsible for all its debts. Farmers were warmly advised that as the League could never have any standing under the law, they had better leave the convention and cease to be fooled.

Great bundles of cunningly worded circulars conveying such news were sent up from Minneapolis by night and distributed among the delegates as they left the hall at noon; but when the League officers themselves pasted these circulars on the walls of the building and read them (with comments) to the reassembled convention, the effect of this particular strategem seemed largely to be lost.

The campaign for the primaries opened the day after the convention adjourned and was carried on in every part of the state, and always with increasing temperatures, it seemed to me. The opposition is to be credited with a desperate stand against what was soon seen to be certain defeat. For the clenched determination of the farmers was unmistakable; neither appeals to party loyalty nor the eloquence of once popular leaders could move them. What old-school politicians had said could never happen was upon them; the farmers had arisen to vote for themselves.

The primaries came on at the end of that campaign, in which Frazier and the other candidates visited every part of the state, and when the votes were counted that night the League was found to have swept to victory with pluralities of about seventeen thousand.

That meant, of course, that it would carry the state in the November election; it meant that the old machine was tottering to its fall. As a parting shot it sought to becloud the situation with an ingenious trick. The Democratic party in the state was split, one faction being called radical and the other conservative. The machine arranged to have the conservative element withdraw and leave the choice of a candidate to the radical wing. This nominated a candidate of convictions at least as advanced as those of any Leaguer. The object of this was to deprive the certain election of Frazier of any radical significance, since he was of the two rather the more orthodox in his opinions, and his victory might be misreported as, after all, some triumph of conservatism. The Democratic candidate, with a degree of self-abnegation hardly to be expected in a fight between parties, checkmated this move by practically advising his followers to vote for Frazier, who won by about sixty-five thousand plurality.

All of the League's selections, with the exception of the good man with the Irish name who ran for state treasurer, went in with him, including three members of the supreme court, now for the first time filled by the choice of the farmers instead of the picking of lawyers.

In the same election President Wilson, on the Democratic ticket, carried the state by about 1,400—a result no one had expected, not even the most sanguine Democrat, and marking a strange innovation in North Dakota affairs. On state treasurer the vote was close, the League candidate, who was on the Democratic ticket, receiving 51,149 votes against 51,349 for his opponent. The vote on supreme court justices may be taken as a fair index of the League's normal voting strength at the time. The first League candidate received 62,675; the second, 61,109; the third, 51,170: votes for the others were 44,028, 43,442, and 37,980.[1]

As to the legislature, it was seen that the League had won in significance an overwhelming victory, and yet that the fruits of that victory would be largely lost to it because of the constitutional provisions about the make-up of the senate. This is the summary of the legislative results:

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[1] There were six candidates. Under the law, the three receiving the highest vote were elected. The three League candidates ran against the field.

House of Representatives, Fifteenth General Assembly, state of North Dakota.

Total membership	113
Total Republican members	97
Total Democratic members	16
Elected by the League	87
Elected, not by the League	26

Seventy-two of the Republican representatives and 15 of the Democratic were League members.

Senate, Fifteenth General Assembly, state of North Dakota.

Total membership	49
Elected in 1916 election	25
Holdovers from election of 1914	24
Republicans	43
Democrats	6
Elected by the League, 1916	18
Necessary for majority	25

Fourteen of the Republican senators elected in 1916 were League men, and 4 of the Democrats.

There were 49 senatorial districts in the state, electing senators alternately. In the election of 1916 only seven senators of the old school had secured seats, but there were 21 of that kind left over from the election of 1914 and these gave the old machine a majority of 7 against the League.

The make-up of committees in the senate is in the hands of its presiding officer, the lieutenant-governor, and it was here that the League managers discovered another of their errors. Lieut.-Gov. A. T. Kraabel, who had been indorsed by the League, made up the committees against the League's program.

When they could no longer avoid this fact, furious protest arose from the League's leaders. For these things there is never any remedy in our system of government; they are the still outstanding defects of democracy. Mr. Kraabel afterward explained his change of front on the ground that he had lost confidence in the League's leaders, and particularly in Townley. I set down the explanation for what it may seem to the reader to be worth.

But the truth was, no matter what may have been the motives at work, the chief thing in the League's reforming regimen was off for that session, and men of less iron in their composition might have looked upon the situation with disgust. The result of so much hard labor, so many arguings, so much thought and hope, seemed little better than nothing. Victory and the real power, in spite of the election, remained where they had always rested—with those that oppressed the farmer. The election had been fought primarily on the issue of the terminal elevator.

The outcome was a third mandate from the people to proceed with that project. The third mandate was now negatived as easily as the first and the second had been. That being the case, the most optimistic member of the League might reasonably ask himself what was the use of this line of attack, and wonder if in America Jefferson's famous theory of the consent of the governed as the basis of government had slipped into the region of folk-lore and myth.

CHAPTER XIII

"THE FARMERS' LEGISLATURE"

THE test issue in North Dakota was the state terminal elevator, to defeat which at all hazards became the dearest aim of the reactionaries. The session of 1917 showed their resources in cleverness to this end. The League proposed a bill to amend the Constitution at a special election to be held the following June, with a special session of the legislature to be held at once thereafter. This was to provide the necessary acts for state-owned mill, elevator, and the rest of the program. To frustrate this plan and ruin the project no fewer than eight bills (counting both houses) were projected in this session, each purporting to provide the elevator and each suggested for the express purpose of defeating it.

One of these, for instance, planned, through an adroitly managed maze of words, that the state should build the elevator and then deliver it to private interest to be operated. Another, seemingly fair, made such provisions about the financing of the enterprise as would have been utterly impossible in practice and would have led the state to bankruptcy. Another cunningly provided that the elevator should be turned over to the Society of Equity, evidently in the hope that this would cause a division between the League and the Equity adherents. One bill of this order, introduced in the last moments of a busy and troubled session, actually got through, but was promptly spiked by the good sense of Governor Frazier, who vetoed it; and the great issue of elevator or no elevator was left still unsettled after six years of agitation and three declarations from the people.

Yet it is only fair to say that while the chief things in the League program were made impossible, the legislature thus composed, part reform and part reactionary, enacted more advanced and reform laws than all the other legislatures together that had met since the state was launched. The reform majority in the house continued always to pass reform measures and the reactionary majority in the senate to kill as many of these as it dared to kill. But the reforms came too fast; it was not in the courage of man to kill them all, and not quite safe. After the deliberate slaughter of one measure upon which the farmers had set their hearts, it would be a bold politician that went forth openly to kill another. The farmers at home were daily growing more vindictive against the men that, in the current phrase, had sold them out, and it was back home that the legislators must wend when the session should be over. To this, to the indefatigable zeal and good generalship of the reformers, and to the moral influence of the fact that the state had voted overwhelmingly for a certain policy and twenty-eight men were conspiring to defeat the will of the mass majority, we owe this really extraordinary body of laws passed by the Fifteenth General Assembly of North Dakota, January and February, 1917. Here are some of them:

1. Three laws to abolish three ancient abuses on the part of the railroad monopoly. As I have related, one of the potent methods by which the combination of Interests fought the growth of co-operation in the Northwest was by refusing or failing to supply cars to co-operative elevators. The legislature passed a law to compel railroads to furnish cars to all shippers alike. I do not know anything more eloquent of the conditions formerly prevailing in North Dakota: for observe that to secure an act of such obvious justice a political revolution was necessary.

The next law was of the same order and same origin—to compel railroads to furnish sites for elevators and warehouses along their rights of way. With these two weapons stricken from the hands of the combination, the co-operative movement for the first time began to have a fair chance to live.

The third law, compelling railroads to furnish side-tracks at mines, was in the interest of independent coal-producers and against the coal trust, which, like all the others, operated in connivance with the railroads. Please note that all the trusts, from money to peanuts, had always the active support and assistance of the railroads—a phase of our social and economic problems that we in this country have all to ourselves and are likely to keep so.

2. An attempt was made to deal with the burning question of false grading by a law requiring all elevators and grain warehouses to be licensed by the state. The idea of this act was sound and good, but the only form in which it could be juggled past the reactionary twenty-eight was a form that was largely inoperative.

3. Under the foregoing act, a law to better the practices of grain weighing and grading. The elevators being now nominally under the control of the state, false grading could be punished by the revoking of a license. Beyond question this, although lamed in the passing, marked a great advance, and in the following season alone saved to the farmers much more than the League ever cost them.

4. A law to encourage and protect co-operative societies. This reform the co-operatives had for many years sought from the legislature in vain, though it was no more than rudimentary justice. It gave co-operation a chance to defend itself against stiletto work and poison gas.

5. Enlightened legislation to further good roads in North Dakota, where of all places on earth they were most needed.

6. Legislation to protect and foster the dairying industry. North Dakota has great possibilities in dairying, for in spite of the cold winters cattle thrive there. If I say that until the farmers got into the legislature no attention could be had to this potential source of

wealth, I may be deemed to speak from prejudice an improbable thing. Yet so stands the fact; not from malice, of course, but because a legislature of lawyers selected by railroad agents—what could that know or do about dairying?

7. Legislation that began the great work of taxation reform by seeking to compel railroads and other corporations to pay something like a just share of the taxes, and by instituting a graduated income tax upon large fortunes.

This act, like some others of this session, was regarded by the reformers as marking but the beginning of the necessary changes, yet as the best that could be extorted from a legislature so constituted, wherein twenty-eight senators had the power to veto the will of the majority of the people.

8. Woman suffrage, so far as the constitution of the state would allow. A law was passed granting the ballot to women for national offices.

9. Educational reform. This embraced some admirable measures. Laws were passed to establish county agricultural and training schools, to establish evening schools for young men and women above the ordinary school age, and laws to standardise rural schools.

10. A law guaranteeing bank deposits and assessing all the banks in the state to provide the guaranty fund.

11. Administrative reforms. Laws combining certain offices, reducing allowances, and abolishing sinecures.

CHAPTER XIV

THE LEAGUE AND THE WAR

UPON the securing of these reforms, those of us that were observing the League expected confidently to hear next of its demise. This would have been the natural development and in accordance with all experience. It had achieved a considerable part of its aim; more, in fact, that any such organization had any good reason to expect. There had never been a legislature in the history of the United States that in an equal space of time enacted an equal number of betterment measures. The full goal had not been reached, that was quite true; on the terminal-elevator issue the Interests were still defying the ballot-box. But in all these things there had always been elsewhere a certain percentage of what may be termed bluff; reformers demanded the millennium that they might get a water-pipe mended; and we felt that in this case the actual assets of the concern were so far ahead of any other such effort that the farmers would probably be satisfied and go back to the fold of regularity. Besides, we argued, there was the matter of dues; farmers were not likely to go on to tax themselves at this rate when most of the things they had wanted seemed to have been won.

Also, such had been the history of all these movements. The American people are in politics molded to the two-party system, and not likely in our time to depart from it. The League, it is true, did not get away from that system, but in fact kept carefully along with it; still the League was an exotic, it was not the regular, accustomed thing; it was not hallowed by tradition nor sanctioned by the fathers. Many similar segregations into the Cave of Adullam had been known, and none of them had lasted more than a year or two. Hence, any tolerably facile seer in politics could see the end of this.

But the Farmers' Nonpartisan League showed no sign of going to pieces. Instead, it grew stronger than ever. The name was changed to the National Nonpartisan League and the organizers moved with their never-resting automobiles upon the neighboring states. State branches began to form in South Dakota, Montana, and Minnesota. The membership in North Dakota continued to increase with hardly an effort made to spread it. What was still more wonderful, and amounted to a portent in the eyes of any old political reporter, the membership dues continued to be paid without a murmur from the rank and file. The annual tax, once nine dollars a year, became sixteen dollars for an "election biennium," or election period of two years, and there went with it now only a subscription to the League's organ, in some states still in embryo.

A year after that first election in which the League had swept North Dakota there were 20,000 more Leaguers in that state and 40,000 outside of it. In two years the total membership had reached 150,000, fought at all points and with desperate ingenuity by the threatened Interests in eleven Northwestern states. This in spite of the war and the use of the war situation in ways I am now to tell about, to embarrass, to check, or to ruin the movement.

All persons familiar with the true nature of the Great War had been aware from the first that the United States could not keep out of the conflict. In North Dakota men had been so absorbed in the local struggle they had never once looked out-of-doors to judge of the great fight and what it meant. I have said the League made grave errors. One of them was about the war. League leaders did not understand what was involved therein. The fault was their own and they paid for it; they might have understood it if they had taken the trouble to look and to study. There was, besides, the influence of the comfortable doctrine, often preached, that certainly the thing could never come here. Habit of mind decides most issues in this world. For years the minds of these men had been concentrated on the one question whether North Dakota was to be ruled from the Great Northern Railroad office in St. Paul or by its own people. Even after April, 1917, the idea that the United States could be so involved in the European contest that the local issue must be subordinated to the national knocked at first in vain at such minds. No American troops would ever be needed on that battlefront; nothing would be at stake more important than some American dollars; and, meantime, how about the great principle for which they had fought so long? Was the war raised to divert attention from that?

A covert but wide-spread propaganda was carried on by the enemies of the Republic through all the Western and Northwestern states, insinuating and developing the idea that the war was nothing but a rich man's war, brought about to increase bonded indebtedness, favor the banks, and magnify the dividends of corporations. Opposed to this propaganda there was for months practically nothing on the side of the truth. The German agents had the field to themselves. This fact will probably never be comprehended in the East, where the public was undeceived from the first; yet it represents a condition that, but for the innate and unconquerable patriotism of the people, might have had historic consequences. For it was not until the war was (for us) six months old that the masses of the people in the Northwest had any fair chance to know the facts about it. In plain terms, the people there did not know what the war was about; the most they knew was that day after day they were assured, apparently by persons well informed, that it had no significance except as a means to increase the fortunes of men already monstrously rich.

In these conditions the Nonpartisan leaders committed the huge blunder of assuming that the war was of minor importance and of steadfastly urging former issues as still of the first concern. In the early days they made some injudicious speeches in which this view of the case was strongly phrased. It is not true that they uttered any disloyal sentiments; I think it is wholly untrue that they entertained the least disloyal thought. They did no more than to demand that the farmer's case should not be obscured by this war brought on by the exploiters, and that the government should see that the farmer had a good price for his products.

It is easier to acquit the Nonpartisan leaders of disloyalty than of something else. They did not know the importance or significance of the Great War, but that was the very thing they should have known. It is to know such things that men are made leaders. They had never lifted their eyes from their environment to look at the great world abroad and understand its relationship to their own problems, but exactly such understanding is what is required of leadership. The sheer existence in this world of the principle for which they contended, the principle of democratic control, was at stake in that war; the basis and corner-stone of their entire movement. If the autocratic principle had won on the European battle-field it would have won for all the rest of the world, and the first of all the fruits of its victory would have been a tightening of the power of concentrated wealth everywhere—North Dakota and everywhere else. No people, therefore, had a more vital interest in that war than the people of North Dakota, whose only hope of rescue from the autocracy that oppressed them lay in the survival and extension of the principle of democracy. The leaders of the League did not at first see these things, but exactly these things it was their duty to see, and whatever trouble followed they brought upon themselves; innocently, of course, there is no doubt of that, but still by their own dense blundering.

On the other hand, it is not possible to deny that with all the rest of the wheat country the Northwest had some reason to complain, and more to be uneasy. The government fixed the price of wheat at $2.20½ for No. 1, at Minneapolis, the equivalent of about $1.85 at the North Dakota elevator. But when that price was fixed arbitrarily the market price for No. 1 at Minneapolis was $3.06. The growers, therefore, by this order, underwent a loss of nearly $1 a bushel. What made the case far worse, they were unable to get any explanation for this arbitrary reduction, nor was there any appeal to them to accept it. At the same time they saw that the government steadily refused to fix any price for cotton, for which the market was soaring unto unprecedented heights. It seemed to them, therefore, that the government was favoring one section of the country at the expense of another. The propaganda told them that this was in the interest of the cotton speculators in New York and once more illustrated the assertion that the war was made for the fattening of exploiters' profits. Even the best-informed patriot might be excused if, in these conditions, he resented the fact that no explanation was furnished to him. No one need wonder, therefore, that some of the League speakers objected vigorously to the apparent discrimination.

Not with study and research could they

have done a thing more to the liking of their enemies. At once the cry was raised that the Nonpartisan League was a disloyal organization. The most innocent remarks of its speakers were twisted and distorted into something that could bear the suspicion of inferential sedition. At this development the League leaders made their next blunder. They did not perceive what this portended and their speakers, unwarned, sometimes made stupid or careless remarks. The next thing that was known, a large part of the Northwest had been inflamed against the very name of the League.

Long after it had become apparent to every thinking man that the League had been unjustly accused and that its leaders were innocent of any disloyal intent, meetings of League adherents in some parts of the Northwest were broken up by mobs, and the speakers arrested or obliged to flee for their lives. The chance to discredit and injure the movement was golden and men saw it worked to the utmost. All the fierce bitterness of threatened profits and toppling privilege came out in these intrigues. If the idea of farmers' emancipation could be successfully branded with disloyalty at a time when the country's feeling was at its height, the League could be crushed and need menace no one again. There is no doubt that agents were sent out from St. Paul and Minneapolis in advance to stage some of these riots, and little question that the enginery of the state was in some instances, as in Minnesota, deliberately employed on the same side. One speaker was mobbed for reading to an audience extracts from President Wilson's *The New Freedom;* others were mobbed for reading the Bible. Wherever it was known that the League was almost ready to establish a branch the efforts were redoubled to cause some outbreak or breach of the peace that could be used to the advantage of the milling and elevator Interests.

One of these incidents had a national aspect and perfectly illustrates the power of the influences at work to misinform the public as to the League's intentions. Groups of pacifists in New York, perhaps misled or misinformed, but certainly assistant to adroit pro-German and anti-American influences, joined in the organizing of what was called the People's Council for Democracy and War, the true object of which was to set workers against the government and thus hamstring its efforts. A meeting of the Council's supporters was held in Madison Square Garden, New York City, and it was then decided to hold in the West a national convention, so called, for the purpose of spreading the gospel of pacifism, which meant in this case opposition to the government. The place selected was Minneapolis, but so great was the outcry of the loyal part of the population there that the governor of Minnesota forbade the gathering, after many of the delegates were already on the ground.

The projectors of the meeting, thus baffled, planned now to adjourn to some neighboring state—Wisconsin on the east or North Dakota on the west. They telegraphed the governor of each of these states, asking if they could expect there to be protected in their constitutional rights. Each of the governors responded in about the same terms, which were, in fact, the only terms possible in reply to such a query. Each said that the inquirers would be protected in their constitutional rights, but that those rights did not include the right to preach sedition, and that any seditious utterance would be promptly dealt with according to law. Governor Frazier's reply was particularly clear and pointed about sedition, but by many of the newspapers this part of it was omitted and nothing published except the undertaking that constitutional rights should be respected, and this was twisted into an invitation to hold seditious gatherings in North Dakota.

On this the cry went over the country that the Nonpartisan League was furthering disloyal conventions. The attacks upon it redoubled, and were presently aided by an unfortunate speech a United States Senator conspicuous as an opponent of the war and representing a state that contains a larger percentage of persons of German birth or descent than any other state in the Union. He was addressing at St. Paul a convention held under League auspices. Several versions of his speech came to be extant, and eventually the Senator repudiated the versions that were most resented. Because of his remarks on this occasion he was brought before a committee of the Senate on charges, but in the end these were dropped. What he said, accepting his own account of it, was highly objectionable to the majority of the people, and the worst part of it was that while the League had no responsibility for his utterances, they were used extensively and industriously to increase the feeling already aroused against the reform movement. At that same convention President Townley made a speech that may be taken as a fair exposition of his state of mind and that of the other League leaders in those days. He said:

> Let me try to make plainer still to you the reason for the injustice in our industrial life. This war will cost America maybe thirty, forty billions of dollars. It is very difficult to raise so many billions of dollars. It entails tremendous sacrifices on us all, a sacrifice that we shall not shirk. Those billions will be spent

by this government to win the war for Liberty and Democracy. Part of it will be spent for guns, part for ships, part of it for coal, clothing, shoes, leather. A part of it will be paid to those that are making millions of profit out of the war to-day.

But a soldier boy cannot carry a gun unless there is bread in his stomach. A soldier boy cannot dig a trench unless he has a strong body made by bread.

And some of those billions of dollars have to be spent to pay the farmers for the wheat to make the bread. Now we have been calling for government control of prices. And we got them all right. But in our clamor for government control we overlooked the better tool.

We forgot, or neglected to see, that the representatives of the profiteers were too large a part of our government, and so we got the government control too largely in behalf of the profiteers. They are to-day influencing this government in too large a measure. Else they would not fix a price on coal twice what it was before the war; else they would not be so long reducing the price of bread after they have reduced the price of wheat.

On another occasion he said to a meeting at Jamestown, North Dakota:

Unless you do away with the gambler in food and the necessaries of life you will produce your wheat and get $2 a bushel for it, and then you will bond the nation and pay across the water $5 or $6 a bushel for your own wheat for your own boy.

That is the line-up now. It is wrong. It is national suicide. It is national suicide in times of peace; it is multiplied national suicide in times of war, and we are not so crazy as to believe we can succeed unless this government shall do what every European government already has done—take over, absolutely take over transportation, distribution, and kick out the gamblers in clothing and food and machinery and munitions and armor-plate and everything else that they are using to make seven times as much money as they made before the war—and God knows they made plenty then!

Last Tuesday about ten million young men went to the registration booths and there pledged their lives in the defense of their country's honor.

This is the acme of patriotism. No blatant demagogue approaches within a million miles of the sacrifice these men made last Tuesday when they went to the registration booths.

And it is right that they should have done it. I believe in the conscription of life in time of war, because it is not right that the burden should be shouldered upon those few who have the courage in their blood to go out and fight.

I believe so thoroughly in conscription of life in time of war that I believe the age limit should be raised to take in all those that advocate war but do not go.

In time of national crisis and necessity it is the only measure and the only way to raise an army. To try to raise an army by the volunteer system is insanity. Only by conscription can you get the best for war, and only by conscription can you get the best to serve you in office, in state, or nation.

Well, they have charged us with treason, but I want to say to you that the farmers of this nation are so patriotic that even though this government to-day may be in the hands and absolute control of the steel trust and the sugar trust and the machine trust; even though it is, we are going to do our best by producing all we can. All as it is, if we can't do better we will do that.

You [those that profit from war] must make this

> arrangement, that when we give our lives, all that we have, this nation will take first of your profits and then of the property you have got if the profit is not enough; and after the war is over we will give back, as you give back of our lives, as much as is left and no more.

No real patriot is likely to find anything objectionable in this, but soon after it was delivered agents of the federal Department of Justice were sent to investigate the League and take note of the utterances of its speakers. League champions assert that this was done on representations from the imperiled Interests made at Washington. The charge has never been denied, but what is of more enduring importance is that the agents found nothing upon which to base either action or protest, and the League, so far as they were concerned, was allowed to go its way.

At one of its campaign rallies held at St. Paul March 19, 1918, resolutions were adopted declaring:

> We and each of us hereby renew our pledges of loyalty and devotion to our common country, and reaffirm our unalterable determination to work always for its best and highest interests and for the permanent welfare of its people, our fellow-citizens.
>
> Our nation is engaged in a great and terrible war, in which we believe its purposes are the purposes of its people, as given clear enunciation by the President whom we have chosen to direct the administration of our national affairs, to be right and just and worthy the whole-hearted support of every good citizen.

Therefore we pledge our adherence to these purposes, we commend our President for his faithful statement of the intentions which are in the hearts of the American people, and we assure him and our fellow-citizens of our unqualified support of our government in its war efforts.

It is, however, true enough that for months after the declaration of war the majority of the people of the Northwest remained in a state of haze as to its real nature. In the fall of 1917 Townley went to Washington and conferred with the President, with George Creel, chairman of the national Committee on Public Information, and with others. He came away with a clearer vision of the nature of the issues involved and his first perception that the life of democracy was at stake in the world. Mr. Creel was one of the few men in the government that saw that what in the West had been stupidly called disloyalty was nothing but lack of information. Elsewhere it seems to have been taken for granted that everybody knew everything without any explanation. The Committee on Public Information at once took up the task of enlightening those that had never considered the causes of the war, and from that time on there was no trouble, except with the actual German and pro-German element, of which North Dakota had no larger share than some other states.

Mr. Creel afterward gave unequivocal testimony to the loyalty of North Dakota under the farmers' administration. In a magazine article recalling the work of his department, he wrote:

> Three successive crop failures, and yet the farmers of that state oversubscribed the first Liberty Loan 140 per cent.; the second, 70 per cent.; and the third 76 per cent. With only one regiment at the outset, North Dakota promptly recruited a second, and 3,887 men entered the service as volunteers. The draft records show that the cost per certified conscript in North Dakota was $1.83 against an average of $4.23 for all other states. In the last Red Cross drive North Dakota's allotment was $200,000, and it subscribed $575,000. Its Y. M. C. A. allotment was $100,000, and it subscribed $175,000.
>
> In 1918 North Dakota increased its wheat acreage over 630,000 acres at the request of the government; it was one of the first states to decree that all persons between the ages of eighteen and fifty must be employed in essential industry; also to provide a moratorium protecting soldiers from foreclosure of loans.

Long after the crux of all these things had passed Mr. Creel sent me the following still more explicit testimony, which I am authorized to make public:

> My dear Mr. Russell,—I am not at all unwilling to give you my opinion with respect to the war attitude of the Nonpartisan League. Never at any time did I consider it a disloyal organisation. On the contrary, the war record of the state of North Dakota, controlled by the League, proved conclusively that the

membership, taken as a whole, gave America faithful and ungrudging support in the hour of need.

There is no question, however, but that the Nonpartisan League in the beginning was poisoned by many misunderstandings. Particularly was this true in the matter of the lie that Wall Street was the cause of America's entrance, and that the war was nothing more nor less than the effort of rich men to increase and protect their profits. These beliefs, however, were not peculiar to the Nonpartisan League, but were held by great groups of workers and farmers of the Western States.

It was not a condition that should have caused any wonder. During the long period of America's neutrality, press and politicians alike were divided on the issues involved, so that April 6, 1917, found the people of the United States mentally confused and emotionally dulled. Nothing stood clear as a result of accusation and counter-accusation, charges and denials, shouting and abuse.

I sent for the heads of various agricultural bodies and unions, and among those that came to Washington in response to the call was Mr. Townley, head of the Nonpartisan League. I found him, just as I found the others, full of distrusts and suspicions born of the many lies that he had read and heard. I took him, as I took others, to the President himself, and the interview removed every doubt as to the necessity of the war and the high purpose of America. And after that I took Mr. Townley to the office of Mr. Herbert Hoover, and for three hours the two men fought out disputed points. When Mr. Townley left Washington he had not only pledged the full support of his organization to the war, but he had struck hands with Mr. Hoover and promised every co-operative effort. These pledges were kept.

It was at Mr. Townley's request that I prepared to send speakers into the Northwest—men and women able to talk of the war as they had seen it, or else able to discuss America's aims from every point of view.

It was what we were doing in every state in the Union in our effort to remove misunderstanding, to promote unity, and to kindle enthusiasm.

It was such speakers that the state administration of Minnesota barred absolutely. It was not that they questioned the loyalty of the speakers; in fact, they asked for the use of them in their own campaigns. It was simply the case that they did not mean to let the Nonpartisan League hold meetings of any kind, even loyalty meetings. What stood clear in my mind then, as it stands clear to-day, is that Democrats and Republicans alike feared the political power of the Nonpartisan League and did not want it to be given any reputation for loyalty. In plain words, they preferred that the Nonpartisan League should be disloyal rather than loyal, in order that they might be provided with a campaign weapon.

I am not familiar with the purposes or principles of the Nonpartisan League. For all I know, they may be good or they may be bad, but what I do know is that the League itself had a better war record than that of many organizations operating in the name of a 100-per-cent. patriotism. In the Committee's fight for world opinion, waged in every foreign country, I never found the Germans using the utterances of the Nonpartisan League or any of its members, but in Mexico, South America, Scandinavia, and the Orient I *did* find the Germans employing constantly the reflections upon America that were printed in partisan papers like *The Chicago Tribune*, *The Kansas City Star*, and *The Philadelphia North American*.

Believe me, Very truly,

George Creel

Judge Ben B. Lindsay, whose war services to his country made him an unimpeachable witness on these matters, writes this:

> They [the enemies of the League] organised loyalty leagues and public safety commissions, denounced the Nonpartisan Leaguers as traitors, and proceeded to mob them and deport them and indict them and tar and feather them. The government at Washington sent out speakers to the Nonpartisan League through the Committee on Public Information. The local defense committees refused to allow these speakers to address public meetings of League members. The junkers did not wish to have the farmers rallied to the support of the war; they wished to have them marked as disloyalists so that the Nonpartisan League might be destroyed.

Thirty thousand North Dakota men were enrolled in the armies of the United States. Throughout the war the state administration, in the hands of the League, gave an unblemished example of devoted and most loyal support to the national government, and when the war was over a legislature wherein the League had a clear majority in both houses passed, as we shall see later, the broadest and best soldiers' bounty bill that had been enacted in the United States. But Judge Lindsay's diagnosis is probably correct. The hatred generated among the beneficiaries of the existing system was so intense that any means likely to destroy or weaken the League was welcome to them. The greatest fault of the League leaders was that they did not from the beginning perceive that this would be the case and put themselves upon guard accordingly.

This carelessness and the extreme rancor of their enemies brought about the extraordinary indictment of President Townley and another in a remote corner of Minnesota for alleged disloyal utterances. As this case is at the moment pending before a state court it may not properly be discussed here. But to those that know the facts they bear a comment that, it may be believed, will eventually be apparent to the world.[1]

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[1] Grand Forks is a city of the state that is not usually deemed friendly to the League. I find that a meeting held at Grand Forks in the days when the League and its officers were most undergoing attack, passed (with only two dissenting voices, I am told) this resolution:

"We, two thousand citizens of North Dakota, in mass-meeting assembled, this, the 30th day of March, 1917, at the auditorium in Grand Forks, do hereby express our confidence in A. C. Townley, president of the Nonpartisan League, in the management of said organization; and we do hereby resent the misrepresentations and falsehoods published in the press, especially *The Grand Forks Herald* and *The Normanden*, which press we believe to be controlled and directed by large corporate interests within and without the state, against A. C. Townley, and we wish to warn such press that any insult to Mr. Townley or the Nonpartisan League will be considered a personal insult to all of us, and we earnestly request the people of Grand Forks, and all the citizens of the state, to fully inform themselves on the aims and purposes of this farmers' organization. This we do for the good and welfare of all the people."

CHAPTER XV

THE FARMERS IN COMPLETE CONTROL

FOUGHT at every step relentlessly and by methods such as these, the League throughout 1916, 1917, 1918, continued to make progress in the Northwestern States. For the election of 1918, Governor Frazier was renominated with great acclaim; even the enemies of the League admitted that his administration had been clean and able. In picking some of the other candidates for state officers, the League, as subsequently appeared, blundered seriously so far as its own interests were concerned. No one has yet suggested a way by which these errors can be avoided under the operations of democracy. Perhaps an autocrat on his throne, if he have wit enough, can find infallible assistants or get rid quickly of any that turn in his hand. Under democracy the door is open to personal popularity on one side and personal ambition on the other, and a host of troubles often comes trooping in with both.

In the election the opponents of the League put forth all their strength, for they knew that this contest was decisive. The bogy of disloyalty was worked to its utmost, for the war was still on while the campaign was waged, and the opportunity afforded by the indictments, however unsubstantial these might be, and by the carefully worked-up feeling in some quarters of the state, was naturally too good to be lost. Nevertheless, the League carried the state by 17,784 on this severe test of its strength, and, with the full state ticket, elected a majority of senators and representatives, thus obtaining complete control of the legislature.

All legislative obstacles to the carrying out of its program were now removed. There were no hold-over senators to block the will of the majority of the voters of the state. What in the opposition newspapers had been called "Townleyism" was triumphant at last and the rest of the country was in a position to judge of its devastating purposes. It had been described to the uninitiated as "anarchistic," "bolshevistic," "red radical," as the dream of madmen and the plot of depraved enemies of all social order. Its leaders had been drawn to the complacent East as wild men of the woods, unkempt and shaggy, descending with blight upon civilization. Comments by even the most deliberate part of the Eastern press showed plainly that nothing there but cataclysm was expected, and so strong was this feeling that when the legislature controlled by these disturbers of the public peace assembled at Bismarck, the capital of the state, in January, 1919, many of the leading journals of the East sent special correspondents to the spot to report the impending disasters.

The test, therefore, as reported by these and all other chroniclers, may be regarded as thorough and conclusive. Whatever might be the ultimate aims of the men engaged in conducting this movement, those aims must be revealed when they had attained the full measure of their power and could do as they pleased. Wherefore these facts about the "League's legislature," as it was called, being admitted by hostile as well as friendly recorders, must be taken as verified, as follows:

It was the briefest regular session a legislature had ever held in North Dakota and the only one that adjourned short of the sixty days allowed by the Constitution.

It was the most business-like, introducing only one-fourth the usual number of bills, and adding to the statute-books none that was not well considered and of importance to the state. Outside of the appropriation bills, the total number enacted was only about 360, which was the lowest record made by any legislature in North Dakota history.

Personal bills, log-rolling bills, bills drawn for the purpose of making political deals and helping particular candidates, "strike bills" levied against corporations to squeeze money out of them, all had disappeared.

It was one of the least expensive legislatures that ever sat in North Dakota. At a time when, because of the increase in the prices of all supplies and of labor, an increase of expenses might reasonably be expected, the cost to the taxpayers of this legislature was fifty thousand dollars less than the cost of the legislature that preceded it.

The proceedings were grave, decorous, business-like, swift. It was the second North Dakota legislature that was not dominated by lawyers. The only other instance of the kind was the Fifteenth, the immediate predecessor of this, and likewise composed mostly of League members in one house and largely of League members in the other. Many of the members of this legislature had never sat in a public body before. It was a good test of the all but universal belief in this country that only lawyers can make tolerable delegates. These men, unused to law-making, transacted business more readily, quickly, reasonably, and directly than any legislature of lawyers the state had ever known. They spared speech, but pushed business.

So much has been said in the Eastern press about the autocratic or even despotic rule believed to be exercised over the simple-minded farmers composing the League that some of the visiting reporters sought for this manifestation as of unusual interest. They found that the action of the League members of the legislature on matters of importance was decided by a caucus of all the members, in which the pending bill was thoroughly discussed, and anybody was heard on it that wanted to speak. This caucus, it had been asserted, would be found to be secret, sinister, and overawed by the dictatorship that was believed to conduct the League's affairs. They found that it was open, animated, and occasionally vehement. One of the reporters, after describing in detail two of these meetings that he attended, wrote this conclusion:

> If this was a fair sample of the League caucus—and what I saw that evening and the next would lead one to think it was—it appeared, taken by itself, to be a pretty fair prairie *replica* of the old-fashioned New England town meeting.

It was all of that. Every proposal was debated up and down until all that had either ideas or struggling emotions about it had relieved their surcharged feelings. Then it was put to a vote, and as the vote was recorded so the League members of the legislature felt themselves instructed to act. This was the nearest approach to tyranny or coercion the reporters seemed able to find.

What were the laws enacted by this legislature of farmers, come at last, after so many struggles, into the complete control of the state?

This question ought to be far more effective to show the real character and aims of this movement than all possible assertions or descriptions. If the movement was really "anarchistic," on the one hand, or "absurdly lunatic," on the other, the fact must be apparent in the laws it passed when it had attained to full power, and these laws we should go on now to consider.

I will first, if I may, summarize for you the grievances of which the farmer had complained so many years, the unjust conditions that, in his convinced opinion, made farming an unprofitable business. These were:

1.—The High Cost of Capital

Extortionate money rates, impossible money conditions, the consequent necessity of an investment beyond the producing power of the country to sustain.

2.—Intolerable Market Conditions

A. An unscientific and preposterous system of grain-grading, by which the buyer of the grain had always great advantage and the producer never received the actual market value of his produce.

B. False scales and fraudulent weighing, by which the farmer was deprived of a part of his just returns.

C. A system of toll-taking called dockage, by which the farmer was penalized excessively for foreign bodies in his grain, was deprived of ownership of these materials (often of a considerable value), and finally was obliged to pay the freightage to market on these materials of which he had been unjustly deprived.

D. Mixing-houses and their operations, by which his grain, having been artificially and unjustly assigned a low grade, to his great injury, was now restored to a high grade for the sole benefit of the market manipulator.

E. The long line of needless middlemen that sold the grain back and forth among themselves, involving superfluous commissions; the "spread" or artificial difference between high price and low price for the same grade, by which these wash sales were facilitated and protected.

F. Excessive railroad rates, based not upon service or distance or cost, but solely upon what could be extracted from any community to meet the exigencies of railroad overcapitalization.

G. The use of the power generated by these huge and illegitimate profits to control the state government and gain more power to make more profits to make more power.

H. The use of this power to suppress efforts of the producers to better their condition by co-operative marketing.

I. The use of this power to nullify the will of the people and prevent remedial measures such as state hail insurance and the terminal elevators, three times demanded by the voters of the state.

3.—Taxation Abuses

The use of the control of the state so to levy taxes that wealthy corporations, best able to sustain the tax burden, got little of it, and the farmer, struggling against heavy odds and grinding poverty, must shoulder the greater part of the levy.

We will now turn to the laws enacted by the farmers' legislature, the Sixteenth, meeting in January, 1919, and see what it actually did to meet these difficulties and solve these problems.

1.—The High Cost of Capital

House Bill No. 18, approved February 25, 1919, establishing the Bank of North Dakota to be operated by the state.

This act authorizes the State Industrial Commission, created by House Bill No. 17, and approved February 25th, to locate, maintain, manage, and control the Bank of North Dakota, for which capital is provided in the amount of two million dollars, to be obtained by the issue of bonds to that amount by the state.

All state, county, township, municipal, and school-district funds, and all funds of penal, educational, and industrial institutions of the state, are to be deposited in this bank. All such deposits are deemed "available funds" under the banking laws of the state and may be lent under the proper restrictions. The bank is authorized to do a regular banking business, except that it cannot lend its money or give credit to any individual, association, or private corporation on any other security than first mortgages on real estate in North Dakota. But it may advance money to other departments, institutions, utilities, industries, or enterprises of the state.

The process of lending money on real estate is guarded with much minute, and what would seem to be sufficient, care, but the main thing is that a means is provided whereby the holder of agricultural land, if it is unencumbered, can obtain money on that land quickly and at actual cost.

To secure this, the state treasurer is directed in the act to prepare, and the governor and the state treasurer are authorized to issue bonds of the state amounting to not more than ten million dollars to bear not more than 6 per cent. interest.

The bank is to receive applications for first mortgage loans on farm lands, whether improved or unimproved, and to lend money upon them. As soon as the mortgages it has accepted amount to one hundred thousand dollars the Industrial Commission certifies this fact to the state treasurer, and assigns to him and deposits with him these mortgages. The governor, state auditor, and secretary of state each inspect the mortgages, after which the governor and the state treasurer issue to the Industrial Commission bonds equal in amount to the sum of the mortgages. These bonds the Industrial Commission proceeds to sell, and the money derived from this sale is immediately available to be lent on more mortgages up to one hundred thousand dollars, when the process is repeated. In this way a revolving fund is provided up to ten million dollars.

The bonds are certified, under the great seal of the state, to be secured by real-estate first mortgages deposited with the state treasurer. Capital is thus provided without increasing the state's total indebtedness. The interest charge to the borrower on real estate is the interest rate that the bonds bear plus the actual cost of administration, making a total estimated at not more than 6½ per cent., when the bank shall be in full working order (depending upon the condition of the securities market), as against 12 per cent., the legal rate of interest under the old régime, and 16 to 20 per cent. actually charged.

One of the great advantages under this system is that the loan is made quickly and easily. When the application is received it is sent at once to an agent of the state appraisement machinery already in existence. He inspects the property and returns the application, properly verified and attested. The loan is limited to one-half the appraised value.

Another advantage is that each applicant can proceed separately and need not wait, as he must under the Federal Farm Loan Act, for the forming of an association of borrowers. Another, and one of the greatest importance, is that unimproved farm lands may be offered as security, whereas under the federal law there can be no lending except upon property that has been improved.

Still another ancient though minor grievance of the farmer was ended by the provision authorizing loans upon warehouse receipts issued by the Industrial Commission or by any licensed warehouse in the state. This takes from the private banker the power to coerce the farmer by withholding advances upon grain shipped, a device by which, as we have seen, the co-operative movement was seriously hampered.

The Industrial Commission, created by House Bill No. 17, consists of the governor, the attorney-general, and the commissioner of agriculture and labor. It is to manage and operate all the utilities, industries, and enterprises of the state as well as the state bank.

2.—*Market Conditions*

A. As to Grain-grading Abuses, Senate Bill No. 14, approved February 11, 1919, creates the office of State Inspector of Grades, Weights, and Measures, whose duties are to establish uniform grades for grain, seeds, and other agricultural products, to issue licenses to warehouses and grain-buyers, to investigate all matters connected with the marketing, grading, and weighing of grain and other agricultural products; to inspect public warehouses and to make or change rules for the weighing and grading of grain; to establish a reasonable margin to be paid to producers of grain by warehouses, elevators, and mills.

B. As to False Scales, this act puts all the scales in North Dakota under the direct control of the state inspector, who is authorized to employ assistants to test all the scales used at elevators and warehouses.

C. As to Dockage, he is instructed to establish at once two kinds of dockage, that which has value and that which has not, and to see that the farmer is paid for that which has value.

D. Mixing-House Evils. Senate Bill No. 20, approved February 25, 1919, declares the purpose of the state of North Dakota to engage in the business of manufacturing and marketing farm products and to establish a warehouse, elevator, and flour-mill system, under the name of the North Dakota Mill and Elevator Association to be operated by the state. The work of constructing and operating these mills and elevators is put into the hands of the Industrial Commission, and by a delicious touch of irony the money raised by the special assessment tax levied in 1913 to build terminal elevators and side-tracked by the legislature of that day is appropriated for this purpose.

Senate Bill No. 75, approved February 25, 1919, completes this project by authorizing the state to issue bonds, to be called the "Mill and Elevator Series," bearing not more than 6 per cent. interest, secured by first mortgages upon the property used by the North Dakota Mill and Elevator Association. In this way the association is to be kept supplied with the funds it needs, but the indebtedness of the state is not really increased, since it will have security for all the bonds issued.

E. The Needless Middlemen. Under the foregoing acts the plan is for the state to erect its own elevators and grind flour in its own mills. So far as it shall be able to do this it will eliminate the middlemen, save the useless haulage of grain, save all the commissions and wash sales, and abolish the "spread" by abolishing the marketing outside of the state of the grain raised within it.

F. Excessive Railroad Rates. House Bill No. 48, approved February 19th, reduces the number of classifications to which freight was formerly subject, and then imposes on these a new tariff for all railroad freight transportation within the state, based strictly upon distance and service and effecting a reduction on rates to be charged. All this is inside the state limits. On interstate commerce, of course, the North Dakota legislature could do nothing.

G. The Misuse of the Power of the State vanished, of course, when the old machine was routed and the farmers took possession of the government. There is extant some interesting testimony by impartial witnesses as to the change at Bismarck. It seems the capital of North Dakota had been, like other state capitals, a gathering-place for lobbyists in support of measures to promote private gain of one kind or another, and it was the disappearance of these and of the methods they had naturally introduced that made the change remarked by such witnesses.

H. The Release of Co-operative Societies from the unfair and oppressive conditions that formerly all but strangled them was to a great extent effected by the Fifteenth legislature, partly controlled by the League. The acts for the furtherance of co-operation passed by that legislature have been enthusiastically called the best in the world. To these were added by the Sixteenth legislature the laws regulating the grain traffic and railroad rates, all of which helped co-operation.

I. State Hail Insurance. Senate Bill No. 47, approved March 1, 1919, completes the steps toward this needed reform begun by the Fifteenth legislature. There is created in the state insurance commissioner's office a hail insurance department, under the commissioner's control. A flat tax of three cents an acre is levied on all tillable land in the state to provide the general working fund. On October 10th of each year the commissioner is to make an estimate of the amount of damage likely to be caused by hail to the growing crops the next year, with all the expenses of the department, and then is to levy an indemnity tax on all actually cultivated and crop land, except hay and meadow land, not to exceed fifty cents an acre. Owners and occupiers of land not wishing to have the benefits of the law may withdraw their holdings at any time up to the 15th of June. Claims for indemnity for hail damage must be sworn to and verified, after which they can be paid by the commissioner up to the maximum allowance of seven dollars an acre.

3.—Taxation Abuses

Senate Bill No. 43, approved February 24, 1919, abolishes an old abuse by adjusting the assessment system. It divides taxable property into two classes, one to be assessed at 100 per cent. of its true and full value and the other at 50 per cent. thereof. In the first class it places all railroads and other public utilities with all the franchises and property pertaining thereto; all land exclusive of the structures and improvements upon it; all bank stock; all flour-mills, elevators, warehouses, buildings, and improvements on railroad rights of way; all structures and improvements on town and city lots used for business purposes. In the second class, to be assessed at 50 per cent. of its value, is placed all live stock, agricultural and other machinery, see residence structures on town and city lots, and all other property not enumerated in the law.

This brings within the reach of assessment millions of dollars of property that has always escaped heretofore.

Senate Bill No. 44, approved February 27, 1919, completes the adjustment by amending the list of properties exempt from taxation. This is now made to include all structures and improvements on agricultural lands; structures and improvements used as a place of residence on town or city lots to the extent of $1,000; household goods to $300; personal belongings to $300; tools of a working-man or mechanic to $300; tools and implements of a farmer to $1,000, and all property used for public purposes, including places of worship.

The most radical legislation of the session was contained in Senate Bill No. 37 and House Bill No. 84, one establishing a state income tax and the other a tax on inheritances.

Even these, however, had no feature or principle not known and practised before in such measures. The income tax law draws a distinction between earned and unearned incomes, one being produced by labor, effort, or service, and the other from investments. For both classes there is an exemption of $1,000. After that the tax on earned incomes begins with ¼ of 1 per cent. on the first $1,000 and increases with each $1,000 of income to $20,000, when the tax is 5 per cent. Thence it increases with each $10,000 of income to $40,000, when the tax becomes 10 per cent. on that and all incomes greater. The tax on unearned incomes begins with ½ of 1 per cent. on the first $1,000 and increases to 10 per cent. on $30,000 and all beyond that amount.

The inheritance tax begins with some exemptions, which may be roughly stated to be the equivalent of $15,000, after which the tax rate is from 1½ per cent. of the value of the property up to 6 per cent. on property of greater value than $500,000.

4.—Legislation Relating to Labor and the General Welfare

What is regarded by experts as one of the best measures of the session is a workmen's compensation act, drawn after long consideration of the laws on the subject now in force in New Zealand, Germany, the states of Washington and Oregon, and other communities that have experimented with such reforms. It is called House Bill No. 56, approved March 5, 1919. It carries this unusual preamble:

> The state of North Dakota, exercising herein its police and sovereign powers, hereby declares that the

> prosperity of the state depends in a large measure upon the well-being of its wage-workers, and, therefore, for workmen injured in hazardous employments, and their families and dependents, sure and certain relief is hereby provided regardless of questions of fault and to the exclusion of every other remedy.

The acts create the Workmen's Compensation Bureau and the Workmen's Compensation Fund. The Fund is obtained by a levy upon employers, who are to be classified by the Bureau according to the degree of danger that attends each employment. The amount of the tax the employer pays is proportioned to this degree of danger.

When an employed person sustains any injury in his or her employment the Bureau is to furnish at once whatever medical or surgical aid may be required. For the first seven days thereafter the injured person is entitled to no compensation unless the disability is prolonged beyond seven days, when compensation begins from the date of the accident. If the disability is total the Bureau pays to the injured person a weekly compensation equal to 66⅔ per cent. of his weekly wages, so long as that disability lasts. If the disability is not total and not permanent, the compensation is arranged on the basis of 66⅔ per cent. of his weekly wages, to be paid on the following scale:

For Percentage of Disability	*Weeks of Payment*
1	5.2
10	52
20	104
30	156
40	208
50	260
60	312
70	364
80	416
90	468

The weekly compensation for total disability is not to be more than $20 a week nor less than $6, unless the injured person's wages had been less than $6, in which case he is to get the full amount of his wages. The Bureau is also empowered to fix specific schedules of compensation for specific injuries.

If death results from the injury within six years, the Fund is to pay pensions to the dependents. The widow, for instance, is to receive until her death or marriage 35 per cent. of her husband's wages, and upon her marriage a lump sum equal to 156 weeks' compensation. If there are children the widow is to receive an additional 10 per cent. for each child up to 66⅔ per cent. of the husband's wages, until the child dies, marries, or reaches the age of eighteen years.

The Bureau has the right to inspect places of employment and to enforce safety regulations in them. It is also to try to restore all injured and crippled persons to industry, to find work for them if possible, and to coöperate for that purpose with the Federal Board of Vocational Education.

House Bill No. 184 takes the "lives, health, and morals of women and minor workers" under the protection of the Workmen's Compensation Bureau, which is authorized to fix for such workers standard conditions and hours of employment and a standard minimum wage. House Bill No. 186 forbids the employment of women in manufacturing and similar enterprises for more than 8½ hours in any one day nor more than 48 hours in any week.

House Bill No. 57, approved February 14, 1919, forbids the issuing of an injunction or restraining order in a labor dispute "unless necessary to prevent irreparable injury to property or to a property right of the party making the application, for which injury there is no adequate remedy at law." House Bill No. 163 requires the use of the union label on all the state printing. Senate Bill No. 85 is the so-called Full Train Crew law that has been enacted in Illinois and other states.

One of the bills of this session that attracted wide attention among sociologists was House Bill No. 55, "An Act to Regulate the operation of all coal mines in the state of North

Dakota." According to competent authority, this is the best mining law ever enacted in this or any other country, for it combines with research the best features of all the laws that have been elsewhere the product of long experience. Every phase of the miner's work to the minutest detail is covered and protected. The place of chief coal mining inspector is created with a Board of Examiners, and all coal mining is placed under the observation of these officers.

A law about which some misgivings were felt was Senate Bill No. 19, "An Act Declaring the purpose of the state of North Dakota to engage in the enterprise of providing homes for residents of this state and to that end to establish a business system operated by the state under the name of the Home Building Association of North Dakota." This alone of all the measures enacted at this session seemed to be departing into dreamland and Utopia. The state, it was felt, might properly enough try to protect the lives of coal miners, but it had no call to furnish them with dwelling-houses. It is to be observed, however, that the bill was not so formidable as it looked, and the first six months of its operation showed some excellent results in its favor.

The Home Building Association is under the direction of the Industrial Commission. It invites deposits on which it pays 5 per cent. interest, and it may also be assisted by bond issues authorized by the state. Ten or more depositors may constitute a Home Buyers' League within the Association. Whenever a member of a Home Buyers' League shall have deposited 20 per cent. of the purchase price of the home he wishes to buy or build, the Association supplies the rest of the required amount, and takes his mortgage for the sum, repayment to be made by monthly instalments so determined that they shall extinguish the principal within an agreed-upon period—not less than ten years nor more than twenty. The interest upon this mortgage is to be determined by the Industrial Commission on the cost of the money plus the cost of administration. The other members of the Home Buyers' League are to be liable to the amount of 15 per cent. of the purchase price. The houses are not to cost more than $5,000, except in the cases of farm-houses, where they may cost $10,000.

This plan was criticized as clumsy and involved objections that may have been well enough founded, for a special session of the legislature, called in the fall of 1919, amended it so as to facilitate the money supply. After that it seemed to be in good order. Deposits began to flow in, and Home Buyers' Leagues to be organized. Wage-workers and minors were especially sought as depositors.

Besides these there were laws passed authorizing the cities of the state to employ city managers; providing that the state should insure its own buildings; prohibiting discrimination by insurance companies in the issuing or canceling of policies; and the much and hotly debated bill unifying the state's educational system.

There was also a constitutional amendment passed to the voters providing for the recall of public officers. As this included judges as well as state, county, and Congressional officers, it aroused a furious attack.

This, with the appropriation bills and some minor measures, was the record of the Sixteenth General Assembly of North Dakota under the control of the farmers. All of this work was subjected to closest scrutiny by the League's enemies, and much of it to the review of the courts. Yet it was never shown that its proposals were fundamentally anarchistic, bolshevistic, or revolutionary, and in fact most of them were but similar to laws passed elsewhere. Even the Home Building Association was the copy of a law in successful operation in New Zealand.

But the campaign that began instantly against these measures had its real objective point in the terminal elevator and flour-mill project. The bill to unify the state's educational system was selected as the nominal target, and made the most fuss about; but this was no more than tactics. The terminal elevator meant more than the rest because it was the emblem and ensign of the old fight. Three times its enemies had defeated it over the expressed will of the people; if now the people should win what they wanted it would mean that the old machine was hopelessly beaten. What was of still greater practical importance, it would mean the establishment of free markets for grain and the cutting out of the system of commission forwarding, which was the basis upon which the Chamber of Commerce in Minneapolis was erected. It struck, therefore, at the incomes and lively expectations of a great many men, and most seriously threatened the profits of banks, mills, and railroad companies. In view of these facts it is not strange that injunctions began at once to obstruct the carrying out of nearly all the measures that I have cited, but chiefly directed against the elevator and flour-mill act.

Nevertheless, to a certain extent the new program was soon seen to be undeniably a great reform. Doctor Ladd was summoned from his laboratory to be state inspector of grades, weights, and measures, and installed within the boundaries of the state a new system of grain grades based upon laboratory tests and milling value instead of weight and appearance. His miniature mill and bakeovens at the college, wherein he ground wheat and baked bread, came at last to an official standing, for with these he subjected cereal products to exact testings. He arranged that any farmer that thought he had reason to complain of the grading of his wheat could send it free to the college, where it would be tested scientifically and its real grade determined.

It is true that the law operated only in North Dakota; true that the bulk of the North Dakota wheat would for some years to come continue to flow to Minneapolis and Duluth; true that in those markets the old and unfair grades would continue to rule without regard to Doctor Ladd and his test-tubes. True, also, that most of this wheat would be bought at country elevators and most of the country elevators be owned in "lines" by great and powerful concerns in Minneapolis, outside the jurisdiction of the farmers. But there was a provision in the law, nevertheless, that made the most arrogant elevator man exceedingly careful as to his dealings with the farmers that came to him, and gave to Doctor Ladd a power over them almost autocratic. As I have said, every elevator and warehouse in the state must be licensed, and now the state inspector had the power to revoke any such license at any time on proved charges of unfair grading or unfair dealing. It profited an elevator man nothing to refer to the fact that his business was owned in Minneapolis nor that the grain he was buying must be graded there. What was incumbent upon him was to adjust his grades to those of Doctor Ladd and to do business with circumspect probity lest he find his institution closed.

The net result was an incalculable benefit to the farmers of North Dakota, and before long a boon to wheat-growers elsewhere. For the first time in their experience they sold their wheat at prices approximating its real value, and if there were nothing else to be put to the credit of the League but only this, I should say deliberately, from my long acquaintance with the farmer's troubles in the Northwest, that this justified its existence and all that it had cost.

Two other features of this legislature's work came later under vehement attack. One was the bill for the unifying of the state's educational system under a consolidated control. The other looked to establish in every county an official newspaper in which all notices of foreclosure and other legal proceedings and all announcements about the official business of the county were to be printed.

The Educational Bill created a new body called the Board of Administration, which consolidated within itself the function of three existing state commissions: the Board of Education, the Board of Regents, and the Board of Control. Five persons are to constitute the new board, the State Superintendent of Instruction, the Commissioner of Agriculture and Labor, and three others to be appointed by the governor. As only these three appointees will be charges on this account against the tax levy it appears that the act is in the interest of economy; and as it reduces and simplifies machinery it may be thought also in the interest of efficiency. Ostensibly the chief attack was based upon the charge that it was designed to put out of office the State Superintendent of Schools. This was an able and popular woman that had been chosen in the primaries by a significant majority. Opponents of the League said that, as she could not be defeated in any other way, the League leaders had hit upon this as a device to that end, notwithstanding the obvious fact that the law retained her in office, interfered in no way with her functions, and made her a member of the new board. Those familiar with the fact that all these contests have two aspects, the ostensible and the real, or the exterior and the interior, may think they have found the true origin of the savage and continuous assault made on this law to lie in its Section 6, relating to text-books.

Far down in this section is an authorization for a commission to consider the subject of the text-books used in the state schools, their unification, and the possibility of having them printed by the state. It is sufficiently well known that most of the text-books used in the public schools of the United States are supplied by a powerful and highly successful trust, and I have been assured by many witnesses that the evidences of the influence of this trust on the campaign, subsequently managed with much skill against this law, were plain enough.

The official county newspaper was provided in two measures, Senate Bill No. 157 and Senate Bill No. 158. Their origin was the practice of certain loan agents of printing foreclosures in newspapers, small, obscure, and so far away from the address of the unfortunate mortgagor that he had small chance of ever seeing the notice. If he did not see it he would take no steps to protect himself within the period allowed for redemption, with the result that his next experience would be a dispossess proceeding against which he had no appeal. It was in every way in the interest of honesty, fairness, and the reasonable protection of the mortgagor that the newspaper in which these foreclosure notices might always be found should be designated and known to all.

Against this improvement the League's opponents brought the charge that the official newspaper was to be selected in each county by the state administration, an arrangement that would give to the administration in effect a subsidized press. Newspapers and news agencies said that this was the fact, and said it so widely and persistently that the whole nation seemed to believe it. Yet the truth was very different, as any inquirer can easily discover. Of the acts embodying this reform, Senate Bill No. 157 provided that a State Printing Commission should for the time being select the official newspaper in each county; or if the State Commission failed to make this selection it was to be made by the county authorities; but Senate Bill No. 158 provided that at the next general election and at each election thereafter the voters in each county should by ballot make their own choice of the official newspaper. By referring to and describing Senate Bill No. 157, and omitting to mention Senate Bill No. 158, opponents of the League were in an excellent position to assert that what was intended was a subsidized press, and the result upon the opinion of the country may be termed a potent illustration of the power of propaganda—also a new view of its methods.[1] Instead of establishing a subsidized press, the bill went beyond any previous legislation to make the press untrammeled and democratic.

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[1] Formerly there were three official newspapers in each county, and these printed all official matter, such as tax assessments, county

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treasurer's and county auditor's reports, county commissioners' proceedings, and the like. This triplication of official publications was a useless expense running into many hundred thousand dollars a year. The League bills abolished two-thirds of this expense and put into the power of the voters to say what should be the disposition of the remaining one-third.

CHAPTER XVI

SCHISMS AND INJUNCTIONS

THERE never was any country in this world having a free and popular form of government where a movement for social or political reform did not at some time trip or stumble over the personal ambitions or the jealousies of its supporters. This is a condition inseparable from democracy; the temptation is beyond the resistance of ordinary human nature. The state government that the complete triumph of the League had swept into office was hardly assured before a cleavage began to appear.

I have spoken of the League's blunders, which we must view in all their aspects if we are to understand this remarkable movement. One of these blunders, more than once repeated, has been a too great and too careless confidence in the choosing of its nominees. On any reflection it will be clear enough that, however honest, able, and talented a man might be, he could not be effective for the purposes of this organization unless he had in his temper also enough of the apostolic spirit that he should be willing at all times to subordinate his own interests and his own ambitions to the good of the cause. This was required absolutely of him, in any conflict of this kind, that laying aside his vanities and his selfishness he should be a genuine Soldier of the Common Good. Soon after the election of 1918 two of the League's successful candidates, the secretary of state and the attorney-general, elected in 1916 and re-elected, broke away from the League program and launched an opposition. The state auditor followed them. Naturally the appearance of this revolt was hailed fervently by the elements that from the beginning had fought the League's every proposal and maneuver. There was probably more joy in the old political machine and the Minneapolis Chamber of Commerce over these manifestations than over anything that had happened since Townley led his cohorts into the open. The delight of these Interests, it may be believed, was much accentuated when the attorney-general objected vigorously to the bill creating the Industrial Commission upon which pivoted squarely the bills providing for the state-owned elevators and flour-mills and the state bank. For these, of course, were the measures most hateful to all the influences that for so many years had dominated the state. As North Dakota had a fairly mobile and workable referendum law, the opponents of the League program, old and new, easily secured a referendum election, fixed to take place on June 26, 1919, at which seven of the representative measures passed by the Sixteenth General Assembly should be put to the test of a popular vote.

In the judgment of all observers the League was now confronted with the crisis of its history. The attorney-general, the secretary of state, and the state auditor undeniably generaled a considerable following; how large no man could tell. The incessant assaults upon Townley and the League management, the charges of autocracy and bossism, the fabricated stories about disloyalty, the adroit insinuations against character, were certain to have effect. The opposition would naturally amalgamate with the entire resources of the reactionaries all the discontent among the radicals; and being supplied with unlimited means, having the vast preponderance of press influence, having, too, far greater advantages of political experience and skill, it was felt that the League was in imminent danger. If it should be beaten in the referendum it would vanish as a possible factor in the political affairs, not only of North Dakota, but of every other state into which it had entered; for to be repudiated at that critical time by the community in which it had started would be its death-blow.

The campaign preceding this referendum is likely long to be remembered as the most strenuous in the history of the state. The old political machine, rallying all its latent forces, encouraged by the active or secret sympathy of all the great financial, commercial, and transportation Interests of the country, fought with great skill and desperate energy. Speakers were imported on both sides and the state rang with charges and counter-charges, for as is inevitable, however unfortunate, in these contests, the personal element seemed at times to outweigh the welfare of the public. Without going too deeply into the reasons for this, it is only fair to recall the unusual nature of the legislation that was the main question involved and the variety and truly great power of the investments some of this legislation threatened. Thus:

1. The Bank of North Dakota threatened the huge profits of the money-lenders, in which the entire banking system of the Northwest, including the overshadowing financial institutions of Minneapolis and St. Paul, had shared for a full generation. These financial institutions were directly connected with the powerful banks, insurance and trust companies of Wall Street, whose influence in national affairs has been solemnly attested by a committee of Congress.

2. The railroad rate bill directly menaced the most powerful railroad companies of the United States; companies accustomed for many years to unquestioned political domination in the Northwest, companies also directly linked with the great packing-house combinations, the greatest banks in Chicago and New York, and the interests that were once called the final arbiters of national destiny.

3. The proposal that the state should own its elevators struck directly at the great and profitable business of handling grain, erected through so many years around the Minneapolis Chamber of Commerce. This naturally involved an assault upon the profits and prosperity of the Minneapolis banks, linked as before said to the greatest banks in the country; linked also to the great and not always apparent speculative Interests in the grain business that centered in the Chicago Board of Trade, involved the Armours and other packing Interests, and was linked once more to railroads, banks, and insurance companies.

4. The proposal that the state should build and operate flour-mills was an ominous blow at the great flour-milling Interests of Minneapolis, the greatest of their kind, whose mills rolled forth a daily total of eighty thousand barrels of flour, and fed an appreciable part of the world.

5. The Hail Insurance Act menaced the business and profits of the insurance companies linked with the banks that were linked with the railroads and linked with the controlling groups of Wall Street.

6. The suggestion that the state might print and furnish its own school text-books was a menace to the business and profits of the school-book trust, linked as the other Interests and in the same way to the controlling groups.

7. The laws instituting the State Income Tax, State Inheritance Tax, Work-men's Compensation for Injuries, the strict inspection of mines, although not without precedent, undoubtedly aroused each its own element of opposition that was drawn now to the general assault. For it was felt in all of these menaced quarters that if the League's innovations should be sustained in North Dakota they would be adopted within a short time in other states, and no man might foresee how far the reform might go nor what profound changes it might achieve.

Two incidents will illustrate the fierceness of the contest and the unfairness with which it was waged. In the session of the Sixteenth or Farmers' General Assembly a member of the House introduced a bill, regarded by all his conferees as a stupid and silly joke, declaring that all returned soldiers from the war should marry and providing pretended penalties for women that should refuse offers of marriage from such suitors. No attention was paid to this apparent outburst of bovine humor, and the incident was quickly forgotten. In the campaign it was dragged up, twisted, incredible as this may seem, into a bill to nationalize women, and the whole country was informed through the press agencies that the League had sanctioned and introduced a measure to make women state property. The man that designed this measure appeared in the campaign as a strenuous opponent of the League, a fact that spread some doubt as to the merely humorous purport of his effort. Anyway, the newspapers, orators, and others fighting the League always omitted to say anything about a humorous intent. According to them the League had plunged to the depths of moral degradation, for here was proof that it was imitating what they had been led to believe was a practice of the Bolshevists.

The other incident was just as extravagant and still more hurtful to the League's campaign. From the beginning its opponents had said that it stood for the state ownership of all farm lands, and had tried unsuccessfully to read this purpose into its declarations about taxation and the like. Some one now prepared and printed a fictitious dispossess notice setting forth that the state government had decided to take possession of all such lands, and accordingly the owner or tenant of "the following premises to wit" (a blank being left here for a description of the property) was notified to vacate such property on or before a given date, or failing to do so the state would forcibly eject him.

These blanks, filled in with the names of owners or tenants, adorned with a false seal, and apparently attested, were served in large numbers upon foreign-born and ill-informed farmers in remote regions of the state, and made a great impression, the more effective because this device was held back until within a few days of the election, so that there should be no time to refute it.

The referendum involved seven measures passed by the General Assembly. It was asserted by the League champions that these seven were so chosen as to avoid a direct issue on fundamental principles of the League platform, but to increase at the same time the likelihood of a League defeat that could be asserted as an inferential overthrow of the League's whole plan of reform. What truth there may be in this I am unable to say. I may not deny, however, that the first two measures in the referendum were the least liked of all the work of the legislature and were not League program bills. These were the law creating a State Printing Commission, Senate Bill No. 157, and the law creating the Board of Administration, Senate Bill No. 134, by which, as I have previously told, a popular and capable woman was supposed to be legislated out of office.

The other measures submitted to the referendum were, third, a bill creating a state tax commissioner, in which no one, so far as I could learn, seemed much interested; fourth, a bill creating a commissioner of immigration, which was in much the same category; fifth, the industrial commission bill, on which, as I have explained, hung the terminal elevator and the state flour-mills; sixth, a bill redistricting the state for judicial purposes; seventh, the bill creating the Bank of North Dakota.

It will be seen that of these only the fifth and seventh could be regarded as vital to the League program or even connected therewith, although it is no doubt true, as the League newspapers asserted, that an adverse vote on any of the proposals would have been taken as the repudiation of that program by the people of the state.

The campaign closed with confident assertions by the opposition and many predictions from independent sources that the League was beaten. The count of votes showed the following results:

COUNTING-ROOM OF THE BANK OF NORTH DAKOTA

1. On the State Publication and Printing Commission:

For the measure	59,364
Against	52,450
Majority for	6,914

2. On the State Board of Administration:

For the measure	59,749
Against	51,894
Majority for	7,855

3. On the State Tax Commissioner:

For the measure	60,412
Against	50,316
Majority for	10,096

4. On the Commissioner of Immigration Bill:

For the measure	59,421
Against	52,156
Majority for	7,265

5. On the Industrial Commission Bill:

For the measure	61,188
Against	50,271
Majority for	10,917

6. On the Judicial District Bill:

For the measure	60,343
Against	49,925
Majority for	10,418

7. On the Bank of North Dakota Bill:

For the measure	61,495
Against	48,239
Majority for	13,256

It will be seen from this that the largest majorities were recorded for the two bills that were of the League program, and the smallest for the printing commission bill, which had never been mentioned in that program.

At the general election of 1918 there had been submitted to the voters ten amendments to the Constitution, and by comparing the votes they received some notion may be formed of the effect of the split in the League and the active and organized campaign of its opponents. I have also found interest in these records as showing the varying views of the people on different phases of reform, and likewise the activities and prevision of the League leaders, for most of these amendments came into use almost at once to their great assistance. This is the list:

1. Making changes in the voting privileges of co-operative corporations:

In favor of the amendment......	49,392
Opposed......................	32,053
Majority in favor.......	17,339

2. To make the votes of four supreme court judges necessary to declare any law unconstitutional:

In favor of the amendment......	52,678
Opposed......................	28,846
Majority in favor.......	23,832

3. To add a section providing for state hail insurance:

In favor of the amendment	52,475
Opposed	30,257
Majority in favor	22,218

4. Enlarging the initiative and referendum:

In favor of the amendment	47,447
Opposed	32,598
Majority in favor	14,849

5. To grant to the legislature power to pass emergency measures:

In favor of the amendment	46,121
Opposed	32,507
Majority in favor	13,614

6. To simplify the amending of the Constitution by making but one indorsement by the legislature necessary:

In favor of the amendment	46,329
Opposed	33,572
Majority in favor	12,757

7. To make taxes uniform upon the same class of property:

In favor of the amendment	46,833
Opposed	33,921
Majority in favor	12,912

8. To authorise an acreage tax for hail insurance:

In favor of the amendment	49,878
Opposed	31,586
Majority in favor	18,292

9. To authorize the issuing of real-estate bonds by the state government:

In favor of the amendment......	46,275
Opposed........................	34,235
Majority in favor......	12,040

10. To authorize state, county, or municipality to engage in any business not prohibited by Article 20 of the Constitution:

In favor of the amendment......	46,830
Opposed........................	32,574
Majority in favor.......	14,256

Students of our ways political will probably note with interest that the referendum of 1919 was the fourth time the people of North Dakota had voted in favor of a terminal elevator, and that seven years had now elapsed since the first time they had given their command on this subject, and the elevator of their desire was still no more than a mental image to them.

With the decisive vote of the referendum the last hope vanished of defeating at the polls the changes that the League had purposed. The opponents of these measures had now no recourse except through the courts. They had already begun procedures to enjoin the state government from carrying out some of the measures enacted by the Sixteenth Assembly and they now assiduously pushed these and added others until the League found itself confronting the following formidable array of legal entanglements:

1. Against the Workmen's Compensation Act. The state treasurer was notified to refuse payment of the warrants of the Bureau on the ground that these warrants should first go through the hands of the state auditor, who, being hostile, would then be able to hold up every item for investigation with a resulting delay that would paralyze the operation of the act. The Bureau was obliged to begin mandamus proceedings to compel the state treasurer to pay the warrants as provided by law, but while the fight over these proceedings went on from court to court, the operation of the law was practically suspended.

Meantime mandamus proceedings had been begun on the other side by the state auditor, the attorney-general acting as his counsel, to compel the Workmen's Compensation Bureau to allow the state auditor and private accountants of his choosing to examine the Bureau's books, although it had been in existence only two months. The plaintiffs in this action went across the Missouri River to Mandan, made their applications to an obscure district court, and got an order compelling the Bureau to appear in Mandan and show cause within fewer than twenty-four hours. Attorney William Lemke of Fargo, who had appeared on more than one occasion as the resourceful fairy godmother of the League, now sprang into the breach and got an order from a superior court ordering the judge at Mandan to show cause why he should not be prohibited from hearing the first action on the ground that he was out of the district. When this application came up the action was made broad enough to cover all phases of the issue, resulting naturally in an appeal and further delay. Meantime the Bureau was unable to pay any claims under the act, as the state auditor refused to pass them, and to a great extent consequently this beneficent law was nullified.

2. Injunction proceedings. An action of which the origin was concealed, but seems to have been surmised by the League press, was begun against the constitutionality of the Work-men's Compensation Act on the ground of a defect in the title; also that the act delegates legislative powers to the Compensation Bureau because it leaves some rates of compensation in some certain conditions to be fixed by the Bureau. At the time of writing this action is still winding its slow length along.

3. Against educational consolidation. This was an action brought by the state superintendent of education through the attorney-general to restrain the Board of Administra-

tion from performing its functions under the act that created it. By this act the board was authorised to establish a subsidiary Board of Commissioners of Education, which was to revise the courses of instruction for the several classes in the public schools. The action of the superintendent was directed especially against this subsidiary commission, notwithstanding the fact that she was not only a member, but its president, while the other members were noted educators and one a foremost and selected representative of the county schools.

4. Against any change. An action was brought in the name of forty-two taxpayers against the entire industrial program of the League, terminal elevator, flour-mills, bank, and the rest, on the ground that all was unconstitutional, being private business and not public. Very distinguished counsel appeared in support of this motion. There was the firm of Young, Watson & Connay, attorneys for the Northern Pacific and Chicago, Milwaukee & St. Paul Railroads; Tracy Bangs of Grand Forks, attorney for the Northwestern Telephone and Western Union Telegraph Companies; and the firm of Murphy & Toner, attorneys for the Great Northern Railroad Company. This action was brought in the United States District Court, where, upon being argued, the forty-two taxpayers were

rather disconcerted to hear Judge Amidon negative their petition on these grounds:

> First, that they had no jurisdiction because none of the taxpayers had been injured by these laws; and, second, that even if they had jurisdiction they had no case on its merits.

Thereupon the case was appealed by the forty-two (or their counsel) to the Supreme Court at Washington, thus insuring more argument, more hearings, and indefinite delay. For by such difficult and tortuous ways do we proceed to determine whether the people of North Dakota may properly have the alterations in their own business affairs for which they have four times voted.

5. State court proceedings. A similar suit brought in the state courts to determine the constitutionality of the acts relating to the Industrial Commission, the Bank of North Dakota, the bank bonds, the real-estate bonds, the North Dakota Mill and Elevator Association, the mill and elevator bonds, the Home Building Association, and the Soldiers' Compensation Act, was decided by the state supreme court in the League's favor.

In spite of the obstacles of so many court actions the state administration proceeded, so far as it was able, to carry out the will of the majority of the people. It began, as soon as the referendum returns were announced, to draw its plans for three great flour-mills and three terminal elevators to be built in different parts of the state. A year will be required to erect and equip these, at the end of which time, or eight years after they first voted it, the people may see their will carried out, provided no more courts break in with restraining injunctions.

Meantime the state had secured one mill ready-made, and began in the summer of 1919 to operate it. This was at the town of Drake, where the people were so much interested in the plan that they sold in their own community $25,500 of bonds to buy the property for the state, although the price was only $20,000. When the state took possession, it began to buy wheat solely on the basis of milling value and without regard to Minneapolis grades, with the result that farmers hauled wheat as much as forty miles to get the advantage of the better prices. Yet if what seems trustworthy testimony from the manager is to be accepted, the experiment quickly showed that even at these prices flour can be, and is, produced at much lower figures than the Minneapolis mills charge. The capacity of the Drake mill is 125 barrels a day, and it has been kept running to its fullest output since the state took it. The three mills the state is to erect will have a capacity of from 2,500 to 3,000 barrels a day, each; and on the basis of the success of the Drake experiment high hopes are entertained about these ventures. Their practical results are still to be seen. Those in command of them seem to be fairly well informed as to the difficulties they are likely to confront, for it is said that to forestall the chance of an organized boycott against them in the Eastern markets they have arranged to create their own selling agencies.

At all these mills the milling values of wheat will be the only grades recognized.

If the present plans are carried out, the new system will have another inestimable advantage in the fact that the farmer will not be obliged to sell his wheat, as at present, when the price is the lowest. The state elevators will take his wheat, store it, and issue him a bill upon it, subject to the necessary insurance and other charges and margins, and the state bank will let him have money on this bill, which will be to him the equivalent of cash, and yet allow him to take advantage of a subsequent rise in the market.

This was the outlook, nine months after the League had received at the referendum of 1919 its final mandate from the people to go ahead with its reforms.

State hail insurance was in full and successful operation. For the first season about eight million acres were insured, and on these the farmers saved $3,150,000 compared with the rates they would have paid to the insurance companies.

The Bank of North Dakota was in full operation and had achieved an apparently phenomenal success. It was opened for business on July 28th, and on November 15th, less than four months later, its statement showed it to have $17,512,992 of resources. In one period of thirty days the bank had recorded clearings amounting to $38,242,634, represented in 177,340 items, and its average daily clearings were $1,278,562. "No similar results," observed F. W. Cathro, the director-general, "have been so satisfactorily attained, or even approached, in the banking history of the United States."

In the way of farm loans, for which the bank was primarily created, there had been received 1,575 applications, amounting to $6,588,940. Six regular and four special appraisers were kept in the field to examine these applications, and had reported to the bank 504 appraisals. Of these 232 applications had been approved and loans made on them to the amount of $927,200, while the papers were out for the acceptance of 83 additional loans totaling $363,400, and for signature, for record, or for the clearing of the title in 149 more, total $563,800. This makes a total of farm loans completed, or practically completed in three months and a half, of

$1,854,400, at lower rates of interest than were ever known in North Dakota. According to a Bulletin of the Department of Agriculture, the average rate in the state was 8 7-10 per cent. The Bank of North Dakota had in three months and a half cut under that by 2½ per cent. And this at a cost for appraisal of $2,896 on loans totaling more than $1,800,000. The satisfaction of the director-general would seem to be justified. The bank in three and a half months had saved the farmers $45,000 in interest.

The litigation designed to eliminate the bank interfered with the development and operations that had been planned for it, but while the decisions in the suits were being waited for the bank continued to grow. By February 15, 1920, seven months after its launching, its resources were $19,957,739, and its farm loans $1,382,094, with about $2,000,000 of additional farm loans pending.

CHAPTER XVII

FIGHTING IN THE LAST TRENCH

NEVERTHELESS the story of this organization is one long tale of desperate struggles and narrow escapes, as if it were a band of outlaws menacing the safety of the community. From that day in 1915 when it appeared as a living force, it has not known a moment when its existence was not in peril. The League orators and writers said acidly that if it had gone in to play the gambling game instead of trying to upset it, the same members pictured as demi-devils would have been patted on the back and hailed as the best fellows that ever lived.

They said they could not even have the truth about themselves or their movement, nor about anything they said or did, told in the public press. No matter what action of the League was related, it was never mentioned truthfully, but always distorted that it might be covered with denunciation and ridicule. They said that if any person connected with the League was interviewed for publication the interview was invariably first distorted and then adorned with fabrications; if any meeting of the League was reported, the report was always untruthful and to the League's discredit. To get the League's cause fairly before the public it was, these officers said, driven to establish its own press.

After the founding of the League at Fargo it bought or started daily and weekly journals in scattered communities. In at least one of these cases, that of *The Courier-News* of Fargo, the League's purchase was assailed in court and must be fought for with counsel and arguments, while in other instances attempts were made to keep the League newspapers from obtaining a news service.

At the time that the flood of injunctions, of which I have just cited instances, descended upon it the League was exposed to a new and still more threatening assault. It will be remembered that its simple but effective plan of operation was to capture the primary elections. In this it was favored by the fact that the Northwestern States generally had broad and liberal primary systems, secured after years of agitation by progressive men sick and weary of the scandals of the old convention régime. Originally all these states had been cursed with political bossism, of which the chief strength lay in the convention, delegates to which were easily chosen and more easily controlled by the worst influences in American politics. But the primary reforms put within the power of the people to choose in every party the candidates for the succeeding election, and nothing else in our political history had been so salutary. The League, working through this system, tried to nominate the Republican candidate in Republican communities and the Democratic candidate in Democratic communities, having no partisan interest, but seeking merely to get into office candidates that would uphold the farmers' cause. The primary, therefore, came near to being its life.

Early in 1916 it entered Montana, where by the end of 1918 it had made such progress expert politicians foresaw that at the next general election it would sweep the state. Montana, because of the presence of large mining and other corporations, has always been unfortunate in its political condition. I am speaking—as all that know the state will admit—with extreme delicacy. What really went on may be guessed from the fact that a Montana Senator of the United States resigned in the face of most damaging charges of bribery, and few state elections have been without their scandals. Naturally, therefore, the old political machine in Montana was growing audacious, autocratic, corrupt, and the vicious handmaid of the corporations whose profits made political control a matter of good business. All of these Interests and institutions saw with alarm the rapid advance of the League. On both sides it threatened their partnership.

This being the case, the old political machine had no difficulty in slipping through the legislature of January, 1919, a bill that practically abolished the primary and returned to the old convention plan for the nominating of state candidates.

Montana has a fairly good referendum law under which, by petition, an ordinary act of the legislature can be referred to the people, pending whose decision it becomes inoperative.

The League managers, taken off their guard by the politicians' adroit move, made haste to get the requisite number of signers to a petition to submit this particular law to the voters at the next general election.

But the next general election would not occur until November, 1920, and meantime the League would be gaining daily in strength with always a greater likelihood that in the referendum it would shatter the new law under an overwhelming majority.

In this emergency the machine achieved a trick of transcendent cunning. The state, in the summer of 1919, was afflicted with a drought likely to be long remembered for its

LEAGUE MEETING AT BRUSH LAKE, MONTANA

[illegible] The [illegible]

severity and disasters. The political machinists took advantage of this opportunity to call a special session of the legislature, ostensibly to pass measures of relief for the farmers in the drought-stricken area. When the legislature assembled it seemed utterly to forget the poor drought sufferers, for it passed not a measure for them nor about them, but only enacted another law knocking out the primary. And this law, under a peculiar feature of the Montana system, was rendered immune against the referendum by declaring in the last paragraph that it was an emergency measure, being needed at once for the security and welfare of the state.

As the case stood, the League was defeated, and the primary for the time being abolished. But the League proceeded to attack with referendum petitions the act of the special session that declared the primary repeal an "emergency" measure. The petitions were filed. Meantime the supreme court declared the "emergency" clause invalid, and the result was that the referendum on the repeal of the law must be held in November, 1920, and until then the repeal was inoperative.

In Idaho, where the League had been making great inroads, the reactionaries succeeded in abolishing the primary.

In Nebraska the plan seems to have been to wreck the primary without abolishing it, and the discriminating observer cannot but admire the manner in which this was attempted. The reforming element in the state had long felt that the primary law did not go far enough. It provided that candidates should be chosen by primary election, but it allowed conventions, chosen in the old manner, to prepare the party platforms and select the party committee. The result was (said the reformers) that candidates of progressive views found themselves standing on platforms that contradicted their professions, while their campaigns were managed by committees unfriendly to them and often trying to compass their defeat. The legislature, therefore, passed a law extending the primary principle to party conventions and party committees, but the same measure concealed a provision that thereafter all candidates for state offices below that of governor were to be chosen by conventions instead of by primaries. This put the legislature back under the control of the machine, which was the thing most desired by the corporations and the reactionary influences, and most to be feared by the League.

When the reformers awoke to the trick that had been played upon them, they called a conference at Omaha to consider the grave situation thus created. Republicans, Democrats, Nonpartisan Leaguers, and others, attended. It was the opinion of the most experienced politicians present that nothing could be done to prevent the operation of the act, as there was hardly time to secure a referendum petition, and the inclusion in the law of a reform long demanded had hopelessly confused the issue. The chief representative of the League at this conference, Mr. Sorenson of Lincoln, announced that he would not be bound by any decision to accept the law, and went forth at once with a petition for a referendum. In spite of the fact that the month was the farmers' busiest season, he secured in the first week the signatures of eight hundred farmers, and within the time limits had twenty-six thousand names, enough to force the submission of the law at the next general election, to be in November, 1920.

Meantime, the new primary law could not work, and the advance of the League was not stopped.

In Minnesota a special session of the legislature was called for September 9, 1919, to consider nine subjects, the seventh of which was announced to be the revision of the primary laws. It seemed to be no secret in the state that in this case "revision" meant repeal. The legislature met and considered the nine subjects, but refused to amend or repeal the primary law, and in that state the League was saved.

The real reason for the haste to attack the primary in Minnesota was said to be the fact that organized labor had but lately formed a nonpartisan league of its own, intending to act with the farmers, and that the two were certain to carry the state in 1920. The justice of this must be determined by the reader. It is true enough that the labor nonpartisan league had been formed and had been indorsed by the state labor convention.

CHAPTER XVIII

THE FAMOUS BANK CASE AT FARGO

THE great difficulty about telling such a story is that the mere marshaling of the incidents as they happened is in itself enough to create the impression that the narrator is an advocate and not a historian. This is not my fault; it is a result of the adroit nature and tireless persistence of the attacks on the League, which must always be told as they happened; and the next in this series came (through an authority far beyond me) to be denounced with more bitterness than any other tactics thus far brought to bear on the League organization.

The new peril developed without warning in September, 1919, and for sufficient reasons gave the League leaders great concern. As the story is peculiar and rather complicated, I had better tell it from the beginning.

As I explained in a former chapter, the practice of the League from the first day had been to accept in payment of dues what are called postdated checks. That is to say, a member joining, or paying his dues, in June, when he had no wheat, would give a check dated in October, when his wheat should be sold.

This was merely a result of the abnormal marketing conditions we have been discussing. A farmer was compelled by the existing methods to sell his wheat when the influences controlling the market desired to buy it. He received his pay, in other words, once a year, and, as always happens under such circumstances, he lived a part of the succeeding year on credit. The thing had been fastened upon the state by years of practice, so that postdated checks were no novelty when the League came into being. The North Dakota banks took, without the least hesitation, such checks from the League, which deposited them freely, and it is said that in four years no bank had lost a dollar by them.

The law of North Dakota constitutes the governor, the attorney-general, and the secretary of state as the state banking board. It will be noticed that this meant now an anti-League majority, the attorney-general and secretary of state having gone over to the League's opponents. The law also provides for state examiners of banks, upon whose report the state banking board is to act.

The bank in Fargo, the largest city of the state, with which the League did most of its business, was called the Scandinavian-American. It was supposed to be one of the strongest banks in the Northwest. Of a sudden the people of the state were astonished to learn that the state banking board, ignoring the state bank-examiner, had descended upon the Scandinavian-American, objected to the presence among its assets of the League's postdated checks, declared 50 per cent. of the farmers' notes it held to be worthless,[1] announced the bank to be insolvent, ordered it to be closed, and placed a receiver in charge.

The law apparently intends that banks shall be closed only upon the report of a state bank-examiner. It is unfortunate for any theory of good faith in these transactions that there was no report of a state examiner in this case, and that just before the closing of the bank the state examiner, Lofthus, had been sent out of the state by the majority of the banking board. The action may have been innocent enough, but it gave to the subsequent proceedings an appearance of unfairness, since Lofthus was generally trusted and might be depended upon to make an impartial examination of the bank's affairs, if he had been so requested. It appears that no such request was made of him.

The sudden closing of the bank created a situation of the gravest moment for the League. In the first place, under the conditions prevailing for grain-growers, if it could not accept postdated checks no one could say how it could be financed at all. In the next place, it had thousands upon thousands of these postdated checks on deposit in banks through North Dakota and other states. If these were now to become worthless the League was struck a deadly blow, for it could not by any means raise the cash to make these checks good, and yet if this position of the banking board was correct, or should be sustained, every bank in which it had such deposits would instantly reject them or demand other collateral.

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[1] Many of these notes were contributions to or loans made by the League.

In the next place, such an organization proceeded, and must proceed, largely on the basis of its credit and prestige, and if this ruling should prove correct its credit and prestige were annihilated.

The news agencies sent by telegraph full accounts of the closing of the bank, and the next morning it is likely that every newspaper in the United States that had a news first page displayed this upon it, many with large head-lines written in what was undeniably a tone of jubilation. All about the country the impression was that the League would never recover from the blow. I was at the time in a city fourteen hundred miles away, and a gentleman prominently connected with one of the largest corporations in the country brought me the news. He came rubbing his hands and smiling a satisfaction he made no attempt to conceal. "That ends the Nonpartisan League," he said; "they can never get over such a wallop." The corporation with which he was connected had not a single interest at stake in the matter. Its business could not be affected a cent's worth, whether the League lived or died. He did not live in North Dakota nor within many miles of it. But he was overjoyed to have this disaster come upon the reform movement, only, so far as I could tell or learn, because of the aroused caste instinct. Other corporations were involved if his was not, and his sympathies must necessarily be with the corporations.

His point of view seemed to be generally shared through the country by those similarly interested or connected. A New York newspaper printed an entire page announcing and exulting in the collapse of the League and all its program. It bore the page-wide heading, "Townley's Fiasco Shows Entire State There Is No Short Cut to Wealth." The article under this heading began with these words:

"Away out in North Dakota a bank blew up the other day. It blew up because it was full of hot air instead of hard cash." The writer then proceeded to show that this "hot air" was the direct and typical result of the mad schemes of the Nonpartisan League, and, the explosion having revealed to the people of the state the real nature of these schemes, they had now abandoned the League, which was rapidly becoming to them only a painful reminiscence.

Accompanying this was an illustration of mounted and masked "night riders" armed with guns or carrying torches, who were thus made to appear as typical League members out upon an errand of destruction.

Meantime the Scandinavian-American Bank remained closed on the orders of the state banking board, but its officers and the League had moved at once to have the case reviewed by the courts. About twenty days later it came before the state supreme court, which heard arguments for and against the action of the banking board, and on October 25, 1919, the court handed down its decision.

It found that the bank had been solvent when it was closed, that the state banking board had no right to close it and appoint a receiver without a report from the state bank-examiner, and that the postdated checks were good and legal collateral.

The opinion said:

"Further, the acts of the respondents [the attorney-general and secretary of state constituting the majority of the banking board] in suddenly closing this bank, practically without warning, and in installing a temporary receiver without the knowledge of the state examiner, and in suddenly causing telegrams to be sent to so-termed associated banks of said bank throughout the state and determining that certain forms of collateral held in this bank, as well as in many other banks of the state, improper collateral and of doubtful value has occasioned unprecedented public concern, not only in this bank, but in banks throughout the state, concerning their solvency and concerning the operation of banking laws of this state and even the credit of the state."

As to the sending of the regular examiner out of the state, and the appointment of his subordinate as receiver, the court said:

"It therefore follows that the action of the majority of the state banking board was illegal and unauthorized. Even though it were conceded that the board did possess the power to close the bank and appoint a receiver, nevertheless the action as taken by the majority of the board was unreasonable, arbitrary, unjust, and cannot be upheld."

Concerning the postdated checks and the general condition of the bank, the decision said:

"There is no more reason for declaring farmers' paper to be of a certain percentage of value than there is for declaring lawyers', doctors', or merchants' paper to be of a certain percentage of value.

"It is apparent that the acts and contentions of the respondents in attempting to establish by presumptive fiat that postdated checks are of no substantial value and at one fell swoop to render practically valueless or insufficient all paper for which such postdated checks as well as other farmers' notes stand as security are not only presumptions, but without foundation in law. What was the intention of the majority of the banking board in the acts performed this court does not deem it necessary to determine. The acts themselves, however, are judged by this court. It is determined that there is such a thing as public conscience and that these acts upon the record submitted to this court were unwarranted, unreasonable, and without foundation of law."

One of the judges filed a separate opinion, in which he said:

"The proceedings against the bank were commenced and conducted in a hostile and unfriendly spirit, with needless force, high-priced attorneys and accountants, regardless of expense, and defendants proceeded to take possession of the bank and give out reports detrimental to it and its stockholders.

"In six days after the examiner took possession, his report to the court shows that the bank is not insolvent; that it has in cash three hundred and fifty thousand dollars; and that on paper which the defendants rated as not bankable the examiner has collected one hundred and sixty-nine thousand dollars. The report of the examiner shows that the bank is solvent and that it is well prepared to do business.

"Now it appears that the bank is not insolvent and, on the contrary, its solvency is fully assured and the defendants have no right to insist that they be permitted to wreck it. Indeed they have no legal interest in the matter; they have no rights to protect. They represent neither the bank nor its creditors, depositors, or stockholders; neither the state nor the public welfare. Hence the judgment of this court is and must be to the effect that the bank be restored to the full right to do and transact its ordinary business without let or hindrance, and that all proceedings against it be dismissed with costs."

Two of the five judges dissented.

Immediately upon these findings the bank was reopened.

On the first day the deposits exceeded the withdrawals by nearly forty thousand dollars, notwithstanding that while the bank had been closed the merchants of Fargo had accepted checks upon it, and that these, having accumulated, were naturally presented for payment on the first day.

Among the men that crowded to the bank with deposits was a farmer named Frank Bennett, whose post-office address is Harwood, North Dakota. He gave to a reporter two reasons why he wished to do everything in his power to sustain the bank. I give them here because they seem to me of even greater importance than the closing and reopening of the concern.

He had just sold a thousand bushels of wheat that had been graded as No. 3, and for which he had received $2.26. At that time No. 1 wheat was selling for $2.35 a bushel, so that he received for No. 3 only 9 cents a bushel less than he would have received for No. 1.

To see what this means it is only necessary to turn back to what has been said in another chapter about the difference under the old system between prices paid for wheat and the actual milling value of the same wheat. Bennett was now paid on the basis of the milling value of his wheat. A few months before he would have been paid on the basis of the wheel-of-fortune in Chicago, modified by the superior grabbing ability of a long line of middlemen between Chicago and Harwood. He would have received, therefore, about $2.05 a bushel instead of $2.26.

Moreover, he had been paid $17 for the dockage on his wheat, and in the old days that would have been taken from him.

He had still another reason to stand by that bank and the whole program of the League, which it had come to represent. On the same day that the supreme court decision was published appeared also certain reports of the officer Doctor Ladd had appointed under the new law to investigate the scales used by elevators and grain firms that bought the farmers' wheat, and some of these findings were of a truly astounding nature.

Doctor Ladd's investigator was D. J. McGrath, an expert scales mechanician secured in Minneapolis. He had nothing to do with the farmers' fight; his business was to test weighing-machines. In the first few days he found and destroyed a wagon-load of false scales and scale parts, and proved that the charges of the farmers about underweighing, which had been widely ridiculed or denounced as preposterous, fell short of the truth.

I will give one illustration. On every scale beam there is a slight projection or nub that prevents the weight from sliding beyond the zero mark. Mr. McGrath found that this had been filed off, so that the weight would slide back of zero. Further investigation showed that one of the weights used on this scale had been plugged with lead.

The usage of these two devices was like this:

When the farmer drove his wagon of wheat upon the scales to have it weighed, the plugged weight deprived him of about seventy-five pounds of the true weight of his cargo. After the wheat, being thus fraudulently weighed, had been shifted from the farmer's wagon to the elevator, the empty wagon was driven upon the scales to be weighed, that its weight might be deducted from the gross weight of wagon and wheat. Then the scale weight on the upper beam would be pushed beyond zero, with the result that about twenty-five pounds would be added to the apparent weight of the wagon and deducted from the total amount of the wheat.

By this arrangement the farmer was cheated of amounts varying from fifty-five pounds on every one thousand pounds to one hundred and thirty-five pounds in ten thousand.

Not only was this definitely proved, but Mr. McGrath was able to make up, in one instance, a bill of $3,391 against one elevator for wheat it had secured in this way from certain farmers.

It appeared, therefore, only too likely that the estimate of the farmers of five hundred thousand bushels of mysteriously disappearing wheat every year was far under the real figures.

In the view of the victims the chance to escape from these practices was bound up in the fate of this bank. If postdated checks had been ruled illegal the League could hardly operate; if the League went to wreck the old system would return and, in the farmers' belief, bring the false scales with it and all the other practices that had made farming in North Dakota an unprofitable business. No; I am wrong. It was not truly a business at all, but a form of drudgery for the bare bones of existence.

But the battle was saved and the bank reopened. And now remains to be recorded a strange fact. I have said that the news of the closing of the Scandinavian-American was telegraphed to every corner of the country and printed everywhere. One would naturally think that the news of the reopening would be at least as interesting. Yet this news, if telegraphed at all, was scarcely printed anywhere, and to this day the public, in the eastern part of the country at least, still believes that as a result of the extravagant and impracticable schemes of the Nonpartisan League the bank was permanently ruined. There may be some just and innocent explanation of this, but I do not know what it is.

In such conditions it is not to be wondered at if some of the League members gathered bitterness and believed that, in their own words, the cards were stacked against them.

CHAPTER XIX

REASONABLE CONCLUSIONS

IN the face of these and many other obstacles, fighting incessantly for its life, the League continued to make progress, to extend itself steadily and to enroll new members. I think that all fair-minded men, if familiar with American politics and American psychology, will admit that this is the most noteworthy fact about it. Public opinion is more potent in America than in any other country on earth; public opinion here is the absolute monarch of all public and most private action. One might say that all the expressions and organs of public opinion were against the League. The greater part of the press had been engaged for four years in showing to the world the League's evil principles and depraved control. In serious argument, in fervent appeal, in limitless jokes, burning sarcasm, and the best cartoons, it had been bombarded and ridiculed. Eloquent speakers had toured the Northwest exposing the deadly peril of the new doctrines. In all the cities and towns the better element unanimously condemned it. Bankers pointed out that it would ruin the country's prosperity, and clergymen from their pulpits called it immoral and a flight in the face of Providence. One cynical onlooker said that ten thousand words were uttered and printed against it for every word in its favor. In spite of all this it continued to grow. The fact was not in accordance with prophecy nor the run of American experience. So far as I can see it could mean only a deep-seated conviction among the farmers that they had suffered wrong and that this was the way to right that wrong. By October 1, 1919, the League had two hundred and forty-five thousand dues-paying members, had three representatives in Congress, was organized in thirteen states, and was being urged to enter as many more.

To the attacks upon its principles the members had responded by reaffirming them. To the attacks on the officers the members had responded by re-electing them. To the attacks on the form of organization the members had responded by reiterating it.

Not by any possibility could these things happen without a profound, underlying causation. Such a movement might last for a year or two years in the face of ceaseless attack, but not four or five, and grow all the time. The perfect faith of the politicians of the old machine was that the farmers would never hold together. The commentary upon that is the League's vote and membership roll. Yet even that is not complete. To grasp all that is portended by these records, it is necessary to attend a meeting of typical Northwestern farmers and note well what undercurrents of resolution, sober, reasoned, well informed, and at all times indomitable, show forth at every crisis to sweep away the last doubt. The forces opposed to this movement, the most significant of our times, are great, powerful, relentless, well equipped. They may yet succeed in wrecking it. But so far this fact is certain that they have employed against it the full armory of their resources and with all their power have only speeded it upon its way. And to that fact, coupled with one other, that there are ten million farmers in the United States, I invite the attention of the thoughtful.

We have never had in this country at large a division in politics based upon the bread-earning vocations of men; we have never had the farmers voting as farmers, the wage-earners as wage-earners. With ten million farmers in the country there are not a score in Congress; with four million wage-earners organized into trade unions, labor is all but unrepresented. If the idea struck out in the mind of the bankrupted North Dakotan as he trudged the roads of his state—the idea that has now, after all these eventful months, become so powerful a factor there—should spread across the continent, we should assuredly see greater and more astonishing changes in our political methods than our forerunners ever dreamed of, and from these records the reader can easily estimate what evolutionary results might follow in the nation's economic and industrial life.

However this may show in the sequel, the fair, and I believe the sure, deduction from this record of a remarkable struggle is that it is part of the long conflict men have waged through every generation against the injustice that poisons mortal existence. And next, that it has set a new mark in that struggle. The Nonpartisan League may go to pieces next year or it may become a permanent feature in our political system; I do not know. But I do most earnestly believe that the mark it has set will never be removed.

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